APAA Show Section: Pp. 23-49

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Gold Circles Redone, Get Race Track

COLUMBUS, Ohio—Three more Gold Circle stores here have been given the chain's new prototype look, a look which has evolved substantially from the original effort made a year ago at the West Broad Street store.

The remodels of the Morse Road, South Hamilton Road and Olentangy Road stores were completed in the last few weeks, but finishing touches and new-again planogramming for housewares and hardware have clerks and customers stepping over mounds of merchandise in the aisles.

The new look includes a full-blown race track, which widened some aisles from eight to 12 feet, taking up so much space that departments were contracted somewhat even though the back wall of the store was moved back; more vertical emphasis on display and storage; a wider range of fixtures and merchandisers, and an architectural theme of mirrored cornices which emphasizes departments without pulling the ceiling down.

These are areas which differ from the original prototype. (Although the West Broad and South Hamilton Road stores, for example, are basically alike, the latter is left-handed, with junior apparel at the front corner of the building, and missy sportswear at the front corner inside the race track, an adjacency transposed in the first prototype.)

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These single-tier, back-lighted curtain displays in the remodeled Gold Circle, South Hamilton Road, Columbus, Ohio, are a departure from the original West Broad Street prototype, where a double tier of displays reached to the ceiling. *(DSN photo)*

Prez Litwak, Sliney, Quayle Out As FedMart's Door Still Revolves

SAN DIEGO—FedMart, which seemed to be recovering from its severe turnover at the middle- and upper-management levels, has been rocked by the sudden termination, after only five months, of president Bernard Litwak, followed by the resignation of executive vice president (financial) William Sliney.

The departure of the chain's top operations and financial executives follows closely on the heels of the loss of its top merchandising executive, executive vice president Robert Quayle. Litwak, Sliney and Quayle were not available for comment at presstime.

The flurry of resignations and firings resulted from FedMart's performance in the fiscal year just ended—a loss of $6.3 million—and disagreement between vice chairman Heinz Gundlach and Litwak on marketing strategies.

"Litwak was brought in to improve our hard lines and soft lines business, and our sales promotion program," said Gundlach.

"Because it became apparent that the anticipated improvements would not materialize—in fact, the situation deteriorated in a dramatic way—and at

(Continued on page 53)

Discount Chairmen's Raises Drop Sharply in '80 After Big 2-Year Hike: NMRI Poll

Nationwide DSN Report

Salary increases among discount chain chairmen slowed sharply in 1980 following a big two-year jump, according to the latest NMRI semiannual compensation review.

Compensation levels for other employees—from top-level merchandise and operations executives to store-level management—increased at varying percentages, but stayed proportional to the total volume of the chain.

Chairmen of discount chains with volume in excess of $300 million earned an average of $264,000 in 1979, reflecting a 56% jump in base salary (to $185,000) over the average base in 1977.

The average 1980 base salary for this highest-paid group of chain store executives rose to $193,000, a 4.3% gain.

This compensation data and more are contained in the just-released National Mass Retailing Institute Compensation Survey, a semiannual research project which alternates with the NMRI's Perquisites Study, which will be compiled during 1981.

Chairmen of smaller discount chains—those with volume in the $100 million-$300 million range—received an average base salary of $141,000 in 1980, up $6,000 from the 1979 average base of $135,000, which represented a 21.7% gain from the 1977 NMRI Compensation Study.

Chairmen of the smallest group of chains, with sales under $100 million, made up in 1980 for a small decrease in average compensation recorded in 1979. The 1979 base salary average of $85,000 for chairmen in these companies was 1.5% lower than in the 1977 study, but the 1980 base average jumped almost 30%, to $110,000.

Salaries paid to senior merchandising executives also reflected the total volume of chains reporting. The average 1980 base salary reported for

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Compensation in Mass Retailing 1979/80 For Firms With Annual Sales Over $300 Million

POSITION	Average 1979 Base Salary	Average 1980 Base Salary
Chairman	$185,000	$193,000
President	168,500	172,000
Sr. Admin. Exec.	72,100	74,500
Sr. Merch. Exec.	92,500	97,800
Sr. Oper. Exec.	73,800	75,000
Sr. Finance Exec.	71,000	73,100
Sr. Pers. Exec.	55,100	62,500
Top Real Estate Exec.	61,000	62,800
Treasurer	80,000	83,500
Controller	51,000	49,700
Secretary	44,300	47,600
Sr. Legal Exec.	96,000	102,000
Sr. Advert. Exec.	42,500	41,900

Touche Ross/DSN Series Improved

Because of heavy enrollment and reader response, *Discount Store News* and Touche Ross are updating and improving the Discount Management Development Series.

Code numbers will be eliminated in the new procedures, and students will instead be tracked through a computerized alphabetical file at Touche Ross headquarters.

Starting Jan. 1, 1981, the series will appear monthly in *Discount Store News*, and each segment will include a test. The case studies which have appeared in alternate issues will be discontinued.

At the same time, the requirements for a Level I certificate of completion will be increased from six consecutive tests to 12. An advanced achievement award will be presented to students who later successfully complete 24 consecutive tests.

Those students already enrolled in January will receive their Level I certificates after completion of six tests, and can qualify for the advanced certificate after successfully completing an additional 12 consecutive tests.

Commentary on which questions in a test proved the most difficult—that is, were answered incorrectly by the most people—and other feedback from the test results will be included in the monthly series.

Finally, *Discount Store News* will publish the names of all students who have successfully completed six, 12 or 24 consecutive tests. We will begin by listing, retroactively, the names of students who have already earned a certificate.

* * *

The Touche Ross/DSN Discounter Management Development Series lesson appears on p. 6.

A First: Service Merchandise Hatches Toy Stores

NASHVILLE—Service Merchandise has become the first cataloger to spin off a specialty store from its showroom operation.

Two The Toy Store units have been opened as a test of toy, sporting goods and juvenile product merchandising, using a mass-display, self-service format and a broad-assortment concept similar to that of other toy specialty stores.

A 61,725-sq.-ft. specialty unit is in Nashville, adjacent to the 54-acre One Hundred Oaks regional mall. The store uses about 35,000 sq. ft. for selling space and the remainder as a warehouse and office area.

A 26,500-sq.-ft. unit is in Louisville, Ky., adjacent to the Service Merchandise showroom that is across from the 67-acre The Mall regional shopping center.

Service Merchandise executives said that the move into toy/sporting goods specialty stores was "a natural extension of our merchandising." One official acknowledged that other hard lines specialty stores are a possibility "but we have to do one thing at a time."

The cataloger is using its regular buying and operational staff to run the two stores. A few distributors have been added to the staff to handle reorders and transfers of goods for the specialty stores.

The two units aren't identified with Service Merchandise in any way. A Teddy Bear is used as The Toy Store symbol on store signs.

Lack of a cross-identity with Service Merchandise enables the cataloger to follow a merchandising and pricing program for The Toy Store different from that of its showrooms, executives noted.

Service Merchandise has about 3,000 sku's in its showrooms. The focus is on fast-turning, top-selling items, which are offered at sharp prices that meet the low prices of toy specialty stores and are under the everyday tag of discounters. Toys, sporting goods and juvenile products are mass-displayed along with hardware and automotive accessories in a separate section with its own central checkouts.

(Continued on page 19)

Discount Store Data To Be Broken Out By Census Bureau

WASHINGTON—The Bureau of Census will, in 1982, break out published department store data for conventional, national chain and mass merchant (discount) stores.

This is in response to an industrywide effort initiated in 1978 to obtain more useful and meaningful Government data covering the retail sale of soft goods, Dan Thornton, manager, Textile Economy and Environment at Du Pont, said. (Thornton had a major role in bringing about the change.)

Instead of the former Standard Industrial Classification (SIC) 531—which classified all conventional, national chain and mass merchant stores together—beginning with the March 12, 1982, census information will be gathered separately for the three types of retailers.

"The main benefit is that each group will see what happens to its businesses and its competitors' businesses," Thornton said. "Indirectly, the Government will have a better handle on what's happening to retailers."

With the new reporting system, inventory and sales figures will be recorded monthly, possibly as early as the second half of 1982, in the bureau's monthly retail trade report.

The bureau will also publish preliminary results of the 1982 Census of Retail Trade by the new categories in late 1983, with final data to be released around August 1984, said Tyler R. Sturdevant, chief of the Census Bureau's business division.

A second objective, which was part of the original effort, is yet to be achieved. A breakout of sales and inventories between durable and nondurable goods (with the eventual objective of further breaking out apparel, home furnishings and carpets from other nondurables) is still on the drawing board, Thornton explained.

There it will remain until smaller chains develop systems like those already at work at most major chains to make monthly sales and inventory reports by store location—a process which could take several more years, Thornton added.

This display of carbonated soft drinks at a Houston FedMart is larger than usual, but shows the commitment of many discounters who like the product's turns and ROI. *(DSN photo)*

15% Rise Expected This Year

Discounters' Soft Drink Sales Erupt: DSN Study

Nationwide DSN Report

Discounters are expecting a 15% jump in soft drink sales in the current fiscal year, bringing average store sales to $9,913.

By 1984, a further rise of 25% is anticipated, boosting the store average to $10,656.

And by 1986, say discounters, the average store will be selling $11,632 worth of powdered soft drinks, and carbonated beverages in bottles and cans.

These are some of the findings of soft drink market research just completed by Lebhar-Friedman Research, a division of *Discount Store News*' parent company.

The research included input from senior merchandising executives from chains operating 2,752 discount department stores. Each of the divisional merchandise managers, vice president/merchandise managers, general merchandise managers and buyers responding to the survey was questioned about the criteria which are used to make the decision to carry soft drinks.

Of primary importance was the traffic-generating capability of the category, followed by high consumer brand recognition and by the deals and allowances offered by the suppliers.

Following in importance were such concerns as having a quality image, return on inventory investment, product packaging and the need for flexible supply policies.

Also listed by the executives as important considerations were profit dollar return from the category, the help of suppliers' sales reps, maintenance of the displays, reorder policies, availability of space, growth potential for soft drinks in discount department stores, and dealing with bottlers.

The major objections to carrying soft drinks included low markups and profit margins (mentioned by 50% of the respondents), space considerations, dealing with bottle returns, and developing a grocery store image.

The space allotted by the respondents to each of the subcategories of soft drinks ranged from 8.1 linear feet (13.25 sq.

(Continued on page 53)

Framed Gold Ingot Charms Hot, Take Up Slack in 14K Chain Biz

Nationwide DSN Survey

Framed gold ingot charms, especially in the 1-gram, 14 karat denomination, are rejuvenating the fine gold jewelry business for discounters as 14 karat chain sales continue to slide.

While chains are off in unit sales at discounters including Caldor and Gold Circle, the ingot charms will remain hot at least through the holiday period and probably through the end of 1981, buyers agreed.

The ingot charms, 14 karat copies of the 24 karat ingots offered by the Credit Suisse Bank, have three strong drawing points, sources said: They spice up a category too-long dominated by 14 karat chains; because they are marked ".585 fine gold" instead of stamped "14 karat" they offer consumers an identifiable value in the face of a variable gold market and diminishing dollar; and at under $30, the charm is at a key price point.

Consumer response was described by one buyer as already "astronomical"—and the charm has been out of test stages and into most stores only a few months.

"We sold far more than we projected in our first promotion, which was in September," a Gold Circle spokesman said. "We air-freighted in a large quantity to meet the demand, and we still took rainchecks," which are being filled even now, as the chain considers expanding into 2.5 gram charms.

"We're really going after the item, and I don't see an end to the business," he said.

"This year it will be our best item," said Steve Preuss, divisional merchandise manager at Caldor, which was set to break its first ad around presstime. "It's part of the whole collectibles [small gold charms, chains, amulets and bracelets] series. We see it continuing into the second half of '81," he added.

Both buyers said charms were taking up some of the department's sales slack created by a drop-off in 14 karat sales of chains. While dollar volume is about even with last year's sales of chains, thanks to an almost doubled price of gold, unit sales dropped dramatically at Caldor.

At Target, buyer Roger Ebeling pointed out that chains continued strong, though sales for the item may have "peaked out." Both Target and Gold Cir-

(Continued on page 20)

New Ames Planned

ROCKY HILL, Conn.—Ames Department Stores Inc. announced that construction will begin in Southwick, Mass., this fall for a new mall-site store scheduled to open in March 1981. The new store, one of 13 planned by the 123-unit chain for 1981, will be the fourth in the state and a sister store to existing Sturbridge and Westfield branches.

Guided Giant Retailer's Switch to Discounting

Newgent, President of T.G. & Y., Is Dead at 54

OKLAHOMA CITY—Jim Newgent, president of T.G. & Y., is dead at 54 following a long illness.

Newgent, who assumed the T.G. & Y. presidency in 1978 after more than 30 years with the company, is generally considered a systems genius who guided the giant, 900-plus-store chain on its current course toward becoming a $3 billion discounter by 1985.

This course is outlined in the Five Year Plan which Newgent was instrumental in introducing into the chain's operations. It will guide the company in its final transformation from a variety store operation into a mass merchandiser on a grand scale.

Jim Newgent

Joined in 1946

Newgent, who entered retailing early in his life, joined the then variety store chain in 1946 after serving with the Air Force in World War II and working six months for S. H. Kress & Co.

His only departure from retailing was a one-year sojourn as a salesman, which he described in an interview with DSN as half his usual work, "but hardly any fun."

A primary concern and pivotal point in the implementation of the Five Year Plan, was his belief that for a chain to thrive, the responsibilities of the chain's hundreds of store managers must be made more manageable.

"If we are going to continue to attract talented people we must make it possible for a store manager to do his job in 40 hours," he said on more than one occasion, insisting that until that goal was achieved, he could not in "good conscience" prompt his sons to take up retailing.

A former assistant store manager and district manager who put in more than his share of 60- and 70-hour weeks, Newgent built his concern for people into the scope of the Five Year Plan.

The Management Development Conference (MDC)—a series of weeklong seminars designed to teach store managers how to better delegate orders and implement policies as they originated at headquarters—was a pet project of Newgent's.

Used Harvard Approach

"A lot of retailers might not see the value of a program like that," recalled one employee, who said that the model for the MDC came out of a 1969 issue of the *Harvard Business Review.*

Newgent was a strong proponent of the Harvard Business School management-by-objective style, and those ideas became even more important to him, co-workers said, after he attended a three-month seminar for top executives at the university in the mid-1970's.

Newgent is survived by his wife, Janie, and his sons, David and Gary.

In This Issue...

HARRIS POLLED. After 14 years of service at Lucky Stores, Peter L. Harris was named president of its billion-dollar discount division, Gemco/Memco, this year. P. 7.

CHEMICAL REACTION. Chain buyers predicted a quiet APAA show with few innovative items or hot new sellers. With better packaging and clearer presentations, they said, chemicals will be the greatest growth market in automotive this year. P. 23.

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FedMart

(Continued from page 1)

the urging of many long-time FedMart executives, I decided to terminate Mr. Litwak."

The chain's performance in its fiscal year just ended—a loss of $6.3 million—was attributable, said Gundlach, to Litwak's decision to move away from a heavy television ad program (instituted by Gundlach several years ago) and into newspaper inserts, and by the timing of the inserts, with which Gundlach disagreed.

"Litwak came into a break-even situation, and now we have losses again," continued Gundlach. "He stubbornly refused to change back to what had been a successful program in the past. He had no program, no direction to reverse the trend."

Sliney's resignation was "expected" by Gundlach, who "remains good friends" with the financial executive. Gundlach also "remains friendly" with Quayle, and "sees him often," but the vice chairman would not comment on whether or not Quayle may return to FedMart now that Litwak is gone.

The firing of Litwak lends credence to a rumor—confirmed by one executive who was contacted by FedMart at the time—that Litwak's job was being offered around just weeks after he was hired.

The Background

The chain's revolving door in middle and upper management has been spinning since owner and chairman Hugo Mann and his American man, Gundlach, came into the picture at FedMart. It slammed behind FedMart president and founder Sol Price in 1975, shortly after Mann acquired the chain. It became a blur just after the Two Buys West acquisition, and it has been turning steadily since.

Gundlach hotly denies a consistent turnover problem, but the fact remains that the only consistent management at FedMart over the years has been Gundlach.

Litwak is reportedly bitter over the firing, pointing out that a turnaround of a company the size of FedMart takes years, not months.

Litwak will also reportedly take FedMart to court if it does not honor the terms of his contract, a three-year deal for $250,000 a year plus fringe benefits. But the contract has a performance clause, according to Gundlach, who seems ready to contest any suit by Litwak.

The chain reported losses of $4.7 million in its fourth quarter, ended Aug. 31, compared to a $2.7 million profit in the fourth quarter of its previous fiscal year. Sales for the quarter rose to $325.9 million from $305.9 million.

Sales for the year, including food, reached $1.06 billion, and the loss of $6.3 million followed an $11 million loss the year before.

More Important Role

Two of the chain's remaining executive vice presidents—David Doten (operations) and Edward Maron (food and sundries) will divide some of Litwak's duties. Doten (stores, warehouses and transportation), and Maron (buying, advertising and sales promotion) will be joined by Gundlach ("coordinating administrative and financial as I always have") in filling the vacant presidency.

Soft Drinks

(Continued from page 2)

ft.) for the powdered drinks, to 8.4 linear feet (25.75 sq. ft.) for canned drinks, and 19.6 linear feet (41 sq. ft.) for bottled soft drinks.

Of the $9,913 per-store sales of soft drinks expected in this year, $8,425 will come from carbonated products and $1,497 from powdered (the figures are rounded off). Sales of the carbonated products are expected to gain 25% by 1984, while powdered drinks are expected to rise 19% in the same period.

Projecting the data contained in this first-ever research of the soft drink market shows total discount department store soft drink sales of $70.3 million in 1979; $82 million in 1980, and $87 million by the end of 1984.

Correction

Union Carbide was the first-place winner of a SPARC award in the automotive category. In the Oct. 20, 1980, DSN, a caption accompanying a photograph of Union Carbide director of sales Dave Nicolas receiving the award mistakenly identified his company as Lee Filter. DSN regrets the error.

Compensation

(Continued from page 1)

senior merchandisers at small chains was $58,000, while those employed by medium-size chains received an average of $71,000 and those employed by the largest chains got an average base of $97,800 in 1980.

Senior operations executives trailed their merchandising cousins by substantial amounts; in small, medium and large chains, respectively, they received average 1980 base salaries of $44,000, $55,000 and $75,000, putting them 23.3% lower than top-level merchandise executives.

The NMRI study, which is based on returns from 58 firms, with 3,790 stores doing a combined volume of $12.5 billion in 1979, has 1979 and 1980 averages for more than 70 categories of employees, from chairmen to assistant store managers and exempt department heads where applicable.

Store management figures are broken out by store volume groups ($1 million-$3 million, $3 million-$5 million, $5 million-$7 million and over $7 million), and the entire study, as indicated above, is broken out by total chain volume, i.e., under $100 million, $100 million-$300 million and over $300 million.

A fourth section provides the overall averages for all chains in 20 categories of senior management. This section reveals double-digit salary gains for most (with chairmen of the board highest at an average gain of 29.5%) and a decrease for only one category—corporate secretary, down 1.4% from the 1977 study findings.

In the composite figures, after chairmen and presidents ($148,000 and $134,500 average 1980 bases respectively), and senior administrative, merchandising and legal executives ($74,850, $75,600 and $78,900 respectively), the 1980 base averages drop quickly to the mid-$50,000 range and lower.

Additional copies of the NMRI Compensation Study are available to members for $45 (the first copy is free), while the fee to nonmembers is $65 each.

Compensation For Store Management (Chains With Annual Sales of More Than $300 Million)

	Average 1979 Base	Average 1979 Bonus
Store Mgrs. Vol. $1-$3 Mil.	$19,450	$4,000
Vol. $3-$5 Mil.	22,400	4,500
Vol. $5-$7 Mil.	25,800	6,000
Vol. Over $7 Mil.	31,000	9,300
Assistant Mgrs. Vol. $1-$3 Mil.	14,800	2,250
Vol. $3-$5 Mil.	16,900	2,500
Vol. $5-$7 Mil.	17,400	2,800
Vol. Over $7 Mil.	19,200	4,000

The percentage of total compensation derived from the bonus ranged from a low of 14.8% for some assistant managers to a high of as much as 35.9% for managers of the largest stores. (NMRI Research)

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We guarantee that this is the hottest new line of winter wear you've ever handled.

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APAA SHOW SECTION

Well-Packaged Chemicals: Top Growth Area in Auto

By Bernard C. Cullen

Discounters were expecting a quiet APAA show with little of the fanfare and not as many good deals and hot sellers as were unveiled at previous years' shows.

Most discounters surveyed said that with proper packaging, chemicals—and in particular those that boost mileage—offer the greatest potential for growth.

The automotive market this year is not only lean—similar to the 1974 recession—it is also in the process of radical change. Discounters said they knew of few, if any, manufacturers willing to gamble, in this uncertain economic climate, on many new products.

Executives with many of the nation's leading discount chains such as T.G. & Y., King's, Zayre and others, predicted several new gas-saving devices and a new chemical or two at the show.

The big news, according to a Fed-Mart executive, was scheduled to be in the presentation and packaging.

"The merchandise is basically going to be the same as it was in the past," he explained. "What a lot of us are looking for is better packaging and a better presentation of concepts."

A major new innovation by manufacturers would be particularly unlikely, discounters said, in light of the supply problems many smaller chains were experiencing.

In the weeks before the show, executives for chains such as ALCO and Arizona-based Smitty's were complaining it had become almost impossible to get full shipments because of extensive manpower cuts imposed by many manufacturers when the economy first began to falter in April.

An ALCO spokesman said, for example, that deliveries that had taken only two weeks during the heart of the summer were taking from six to eight weeks. With stores in the chain planogrammed, the out-of-stock problem that developed became almost impossible to conceal.

Ironically, discounters said the lack of a hot new product and the emphasis on a better explanation of concepts of existing items might be what is needed, considering the changing nature of the market.

The skyrocketing prices of new cars and the already-high price of gasoline are causing a push away from the long-popular appearance items in favor of anything that will save gas and increase engine efficiency.

In the past two years the market has been flooded with new kinds of chemicals and do-it-yourself parts that require an increasing amount of knowledge and sophistication on the part of the consumer.

Executives of chains such as Rink's, Gee Bee and Sky City note that sales of electronic ignition parts are particularly slow, due primarily to a lack of consumer awareness in dealing with this increasingly prevalent type of system.

In a year when sales of appearance items continued to decline and those in many other automotive categories only held even, discounters were reporting substantial increases in automotive chemicals.

Longtime favorites remained high in sales, according to Product Movement Audits performed by Allied Auto Accessories & Parts, a Madison Heights, Mich., company that supplies more than 1,700 discount stores.

Growing in popularity, however, are chemicals like Gasohol Plus and DuPont's Gas Booster, which promise mileage gains of up to 15% in some cars. But discounters such as Woolco and T.G. & Y. are wary of stocking items that may not live up to their claims for fear a product's bad reputation may rub off on them.

Almost all chains surveyed reported strong sales in the mileage boosting area and said they felt safe stocking brands marketed by leading manufacturers.

A Woolco spokesman said the company routinely tests new products in laboratories at its New York headquarters before putting them on the shelves. Gas additives that fail to live up to their claims are not sold.

Discounters are also finding that oil—a longtime traffic leader—is still popular but changing in its presentation.

With better packaging and displays, chemicals will be the greatest growth area in automotive, say discounters. A selection is shown here in the remodeled department of Zodys, Los Angeles. *(DSN photo)*

Renewed competition in the marketplace is causing an increasing number of discounters to abandon longtime promotional favorites in favor of the oil with the lowest price.

Discounters' sales are holding even or moving ahead of last year's figures in other maintenance-related items such as filters, lubricants and vinyl cleaners as an increasing number of people decide to avoid the high cost of buying a new car and instead hold onto what they've got.

As a result of the maintenance trend, discounters such as T.G. & Y. are finding that sales of shock absorbers are defying the decreased amount of driving being done, and are holding steady in sales.

The battery market appears to be bouncing back from a somewhat depressed period last year and chains such as T.G. & Y. and Rink's are recording gains in sales.

The deteriorating economy, combined with a desire by customers to defer buying anything but essential items, was hurting the appearance item market.

Sales of customized seats, side rails and striping continued the downward trend begun more than a year ago.

Some discounters, such as Zayre, reported they were moving away from marginal items including some in the appearance category, while others, such as T.G. & Y., didn't drop any appearance lines but reduced inventory.

Car stereo sales have remained steady despite fluctuations in other sections of the aftermarket. Buyers were discovering, though, that low-end stereo units would remain their big volume producers, as those with price points of $200 and up falter.

The move toward more upscale merchandise began in 1977 with chains introducing equipment that far exceeded the traditional $100 to $150 price barrier.

Oregon-based Bi-Mart, for example, had carried a $450 Panasonic component unit.

This year, discounters such as Hills, Rink's and King's were saying the greatest number of sales were coming from units with price points as low as $79.95 to $59.95.

Even Bi-Mart had dropped its $450 unit and was going with a $240 system as the top of the line.

Auto Productivity, Space Soar Over Decade

	1970	1974	1975	1976	1977	1978	1979	10-year change	5-year change	'79 vs. '78
Dept. Size (sq. ft.)	1,625	2,445	2,225	2,225	2,300	2,280	2,280	+40.3%	+2.5	NC
Annual Turns	4.4	4.4	4.6	4.5	4.6	4.7	4.5	+2.3	−2.17	−.2
Volume per sq. ft.	$70	$110	$166.73	$186.69	$195.34	$211.27	$215.00	+207.1%	+28.9%	+1.8%
Initial Markup	33%	36%	37%	35%	34%	33%	33%	NC	−10.8%	NC
Gross Margin	30%	29%	30%	30%	29%	27%	27%	−10%	−10%	NC
Company-Run Accessories	72%	86%	90%	90%	90%	92%	93%	+29.2%	+3.3%	+1.1%
Company-Run TBA	—	69%	69%	69%	71%	73%	78%	—	+13.0%	+6.8%

NC—No change. *Source: DSN Research*

Automotive departments have proven to be big winners for discount stores over the last decade, with sales per square foot increasing a whopping 207.1% while the size of the departments grew by 40.3%.

During the same period an increasing number of discounters made the move to operate both their own accessory and TBA departments.

A total of 93% of all discounters operated their accessory departments in 1979—a 29.2% increase over the last 10 years. Meanwhile the percentage of discounters running their TBA centers rose from 69% in 1974 to 78%—representing a 13% increase in a five-year period.

Merchandise moved somewhat slower through the system, however, with the annual turn at 4.5. In 1978 it was 4.7.

Both the initial markup and the gross margin remained unchanged for the second year in a row, while the gross margin (which averaged 27% last year) was 3% below the 1970 figure.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Oils, Polishes Filters Score As DIY Gains

By Herbert Rechter
President
Allied Parts and Accessories Co.

The automotive parts and accessories market is moving increasingly back to basics as more people decide to save money by performing simple maintenance jobs and repair work themselves.

In recent months it seems as though anything that increases the operating efficiency of a vehicle or extends its life is destined for success, while appearance and other nonessential items are bound for a lower spot on the Product Movement Audit.

In this PMA oils, polishes and filters made particularly strong showings.

Among the top 10 dollar producers there was only one item—a promotional two-ton hydraulic jack—that could not be considered among the basics.

Heavy duty sealed beams headed the list, however, followed by such basics as Armor All, Snowhite Lite 'N Easy, STP Oil Treatment, Gumout Jet Spray and an oil filter and oil.

One of the biggest changes in the current PMA is the successful challenge made by many manufacturers to the dominant positions Quaker State and Pennzoil have held for years as promotional oil producers.

The challenge became successful in the last year as increasing numbers of discounters became more concerned about price than about carrying either of the dominant brands.

It was that trend that pushed National All-Purpose 10W-30 oil, a Midwestern regional brand, to the No. 14 spot on the current PMA—considerably better than Pennzoil Deluxe 10W-40, which held the No. 19 spot and Quaker State Deluxe 10W-40, which was No. 37.

Valvoline's 10W-40 also outsold the two longtime staples, ranking 17th with 18,312 units moved at $1.09 retail.

There was little doubt that price was responsible for the superior showing of National and Valvoline. National's oil moved 35,706 units at 0.64¢ compared to the 16,816 units moved by Pennzoil at $1.16.

Quaker State had an average retail of $1.12 but nonetheless ranked fourth out of the four oils, moving only 11,952 units.

Polishes continued to make the good showing they have made since spring, making 1980 the year that the depressed polish market came back to life.

Total unit sales were still somewhat off from what they had been in the past, but because of the higher retail prices

(Continued on page 32)

AUTOMOTIVE

These automotive PMA figures are for the month of September. They were supplied by the Allied Accessories and Auto Parts Co., Madison Heights, Mich., and cover 2,000 stores, including 1,700 discount stores, in 33 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

Prev. $ Rank	Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
3	1	HD Sealed Beams (#6014)	11,714	3.29	38,539.06
—	2	2-Ton Hydraulic Floor Jack	495	69.99	34,645.05
1	3	Armor All (8 oz)	10,438	3.29	34,341.02
13	4	Snowwhite Lite N' Easy (gal)	2,279	12.99	29,604.21
11	5	Gumout Jet Spray (13 oz)	11,853	2.39	28,328.67
9	6	STP Oil Treatment (15 oz)	14,824	1.89	28,017.36
5	7	Motorcraft Oil Filter (FL-1)	8,027	3.49	28,014.23
7	8	A.C. Oil Filters (PF-25)	7,269	3.79	27,549.51
25	9	Gumout Carb Cleaner (16 oz)	13,762	1.99	27,386.38
24	10	A.C. Spark Plug (R45TS)	19,879	1.29	25,643.91
—	11	Blue Poly Sealant (16 oz)	2,531	9.99	25,284.69
36	12	TAM-66 Undercoating	12,046	1.99	23,971.54
—	13	6-amp Battery Charger	764	29.99	22,912.36
65	14	National All-Purpose Oil 10W-30	35,706	0.64	22,851.84
41	15	DuPont Rain Dance Paste (14 oz)	4,044	5.49	22,201.56
61	16	12-ft. Booster Cables, sleeved	2,857	7.29	20,827.53
12	17	Valvoline 10W-40	18,312	1.09	19,960.08
30	18	Gunk Aerosol	10,338	1.89	19,538.82
33	19	Pennzoil Delux 10W-40	16,816	1.16	19,506.56
17	20	Warco Dot Brake Fluid (12 oz)	12,837	1.49	19,127.13
37	21	Pennzoil All-Purpose 10W30	16,728	1.13	18,902.64
—	22	Sandable Primer, gray	10,442	1.79	18,691.18
2	23	Armor All (16 oz)	2,664	6.99	18,621.36
—	24	Fix A Flat Tire Inflator	15,289	1.19	18,193.91
75	25	A.C. Spark Plug (R44T)	13,366	1.29	17,242.14
—	26	DuPont Rain Dance Liquid (16 oz)	3,107	5.49	17,057.43
19	27	Warco Dot Brake Fluid (quart)	4,344	3.89	16,898.16
—	28	Sandable Primer, red	9,179	1.79	16,430.41
20	29	Bars Leak (15 oz)	8,576	1.89	16,208.64
85	30	Roberk Wiper Blade Refil (RRIG)	7,335	2.19	16,063.65
4	31	Gas line antifreeze (plastic bottle)	31,847	0.49	15,605.03
—	32	Casite Spray-Lube (9 oz)	8,158	1.89	15,418.62
53	33	Prestone Super Flush (PK-12)	5,317	2.89	15,366.13
43	34	Rislone Oil Alloy (32 oz)	7,570	1.99	15,064.30
27	35	Bars Leak (5½ oz)	11,460	1.29	14,783.40
8	36	Heavy Duty Sealed Beams (#4000)	5,135	2.79	14,326.65
28	37	Quaker State Deluxe oil (10W-40)	11,952	1.12	13,386.24
—	38	20-in wheel wrench	3,075	4.19	12,884.25
67	39	Super Hard Shell paste kit (14 oz)	3,240	3.89	12,603.60
59	40	Westley's Bleach White (20 oz)	6,511	1.89	12,305.79
—	41	Sandable Primer, blue	6,827	1.79	12,220.33
—	42	STP Son of a Gun (8 oz)	4,068	2.99	12,163.32
10	43	WD-40 Aerosol (9 oz)	6,752	1.79	12,086.08
15	44	Quaker State Super Blend oil 10W-30	11,064	1.09	12,059.00
55	45	BL Hand Cleaner, 1 lb	12,136	0.99	12,014.64
45	46	A.C. Oil Filters (PF-30)	3,164	3.79	11,991.56
21	47	Delco 8-cyl Tune-up Kit, 101-2	1,873	6.39	11,968.47
62	48	3 Section Antenna with Booster	1,493	7.99	11,929.07
—	49	12-volt chrome spotlight	1,163	9.99	11,618.37

(Continued on page 32)

Only Turtle Wax gives you 4 ways to cash in on the polymer boom.

And we're going to help you cash in with a multi-million dollar ad campaign.

New! Cash in with PolyShell™ one-step poly sealant—liquid and soft paste.

In the midst of outlandish claims about durability, PolyShell one-step poly sealant ends the confusion by *unconditionally guaranteeing to outlast ordinary car wax and any other one-step poly sealant on the market today!* And it's the first poly sealant available in both liquid and soft paste—two new ways for you to cash in.

New! Cash in on PolyShell fabric upholstery protector.

Up until now, professional style automotive interior protection has been available only through new car dealers.

TV, Radio, Magazine Support.

TV commercials for PolyShell products will be seen on special sports programming, baseball, auto racing, and other important events. Plus Saturday Night Live, The Tonight Show, and nightly news programs.

Radio commercials will be heard on the ABC Contemporary Network and CBS Sports. **Print advertising** will be seen in magazines ranging from Road & Track and Car & Driver to Sports Illustrated and Playboy.

Now Turtle Wax introduces new PolyShell fabric upholstery protector. Professional-style spray-on protection for your customers—at an affordable price.

Cash in on the PolyShell system.

Only the PolyShell system can offer true do-it-yourself 24-month protection. That's because only the PolyShell system provides 3 layers—polymers, silicones, resins and glazers—that interlock and bond into an actual **system** of protection.

Stock the entire PolyShell family of products. Feature them, display them, promote them and start maximizing your profits.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

DIY Gains

(Continued from page 31)

of the polishes, total volume produced by their sale were strong.

The 16-oz. bottle of Blue Poly Sealant was the best dollar producer, with 2,531 bottles being moved at $9.99.

The winner in terms of unit sales, though, remained DuPont's Rain Dance. A total of 4,044 units of the 14-oz. paste were moved at $5.49. The 16-oz. bottle of Rain Dance Liquid moved an additional 3,107 units at the same price.

The big question concerning future PMAs, though, will be whether the poly waxes can continue to make strong showings. Blue Poly, along with other brands, are selling well nationwide, but whether use of the product continues after heavy promotions subside remains unclear.

Many users may become discouraged after trying the product and thus decide that the longer-lasting and more durable shine isn't worth the higher cost.

Despite the growth in car maintenance products, tune-up equipment is one category lagging behind.

Electronic ignitions have been standard on most cars since 1975—making for a deteriorating market for standard tune-up equipment. But electronic tune-up equipment, which should be filling the void, is sluggish because of a lack of consumer sophistication with electronics.

A Delco 8-cyl. tune-up kit for a conventional ignition system which placed 21 on the PMA a year ago ranked 47 this time around, with only 1,873 unit sales tabulated. It was the best seller for tune-up kits.

Meanwhile, a GM cap and rotor for an electronic ignition placed 161th, with 456 units sold.

Wire sets, though, are proving to be the one exception to the reluctance of the public to get involved in electronic ignitions.

Although only 125th on the chart last month with 671 units sold, wire sets did substantially better than in previous PMAs—indicating that consumers are at least doing more basic work on their electronic ignitions.

Motorists are apparently doing more of their own body work—a practice that is sure to save them substantial amounts of money, especially as the rates charged by body shops continue to rise.

The gallon size of Snowhite Lite 'N Easy moved from 13th in October 1979 to 4th in the current PMA.

Appearance items, however, continued on their downward trend.

AUTOMOTIVE

(Continued from page 31)

Prev. $ Rank	Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
—	50	Large Rectangular Sealed Beam	1,448	7.99	11,569.52
88	51	A.C. Spark Plug (R46S)	8,647	1.29	11,154.63
39	52	Snowhite Lite N' Easy (qt)	2,746	3.99	10,956.54
70	53	Thrush Muffler (T-4163)	720	14.99	10,792.80
18	54	STP Gas Treatment (12 oz)	5,976	1.79	10,697.04
86	55	GM 8-cyl Distributor Cap (DR1976)	2,116	4.99	10,558.84
51	56	Roberk Wiper Blade Refil (RR18)	4,820	2.19	10,555.80
—	57	Deluxe Tune-up Kit	260	39.99	10,397.40
70	58	Thrush Muffler (T3163)	693	14.99	10,388.07
—	59	Yale Power Steering Fluid (14 oz)	6,946	1.49	10,349.54
72	60	A.C. Oil Filter (PF-35)	2,640	3.89	10,269.60
24	61	A.C. Spark Plug (R45TS)	7,952	1.29	10,258.08
—	62	R540 Aerosol Starting Fluid	9,330	1.09	10,169.00
74	63	CD-2 Red Hi (15 oz)	4,990	1.99	9,930.10
—	64	GM Uniset OEM	1,182	8.39	9,916.98
—	65	Liquid Turtle Wax (12 oz)	3,552	2.79	9,910.08
35	66	Square Sealed Beams—low (4652)	1,975	4.99	9,855.25
48	67	A.C. Oil Filters (PF-40)	2,543	3.79	9,637.97
78	68	Auto Bulbs (2 on a card)	10,749	0.89	9,566.61
—	69	Prestone Anti-Rust and Pump Lube	7,272	1.29	9,380.88
—	70	Thrush Muffler (T-5163)	620	14.99	9,293.80
—	71	GE Silicon Seal (clear)	3,549	2.59	9,191.91
46	72	A.C. Oil Filters (PF-24)	2,424	3.79	9,186.96
—	73	STP Motor Oil 10W-50	7,080	1.29	9,133.20
—	74	Prestone Sealer & Stop Leak	7,044	1.29	9,086.76
77	75	GM 8-cyl Tune-up Kit	2,526	3.59	9,068.34
29	76	5-gal Gas can	1,006	8.99	9,043.94
92	77	Prestone 10-Minute Radiator Flush	6,947	1.29	8,961.63
40	78	A.C. Spark Plug (R44T)	6,944	1.29	8,957.76
—	79	Wynn Carb Cleaner (11¾ oz)	4,420	1.99	8,795.80
—	80	One-Piece Auto Ramp Pair	398	21.99	8,752.02
88	81	A.C. Spark Plug (R46S)	6,760	1.29	8,720.40
71	82	12-ft Booster Cables (delux clamp)	580	14.99	8,694.20
—	83	GM Combo Tune-up Kit, TK-237	1,911	4.49	8,580.39
93	84	Nopar Oil Filter (L19)	2,340	3.59	8,400.60
76	85	Valvoline Dexron A.T.F. (qt)	7,700	1.09	8,393.00
—	86	Prestone Heavy Duty Sealer	4,200	1.99	8,358.00
47	87	Armor All Cleaner (16 oz)	3,583	2.29	8,205.07
87	88	Brake Fluid (12 oz)	4,488	1.79	8,033.52
—	89	Spray Chrome Paint	2,779	2.79	7,753.41
—	90	CD-2 Black Lo (15 oz)	3,852	1.99	7,665.48
96	91	Thrush Muffler (T3162)	510	14.99	7,644.90
—	92	2 Ton Hydraulic Bottle Jack	634	11.99	7,601.66
—	93	Turtle Zip Liquid car wash (18 oz)	3,300	2.29	7,557.00
—	94	DuPont Gas Guard Antifreeze	10,944	0.64	7,551.36
—	95	GE Silicon Seal Black	2,886	2.59	7,474.74
97	96	Power liquid battery additive	3,376	2.19	7,393.44
31	97	Armor-All (4 oz)	3,911	1.89	7,391.79
—	98	Casite Motor Honey (14 oz)	3,696	1.99	7,355.04
100	99	Thrush Muffler (T-4164)	490	14.99	7,345.10
94	100	10 amp Battery Charger	183	39.99	7,318.17

Fishers Swells Import-Car Parts

NEW CASTLE, Pa.—Appearance items were the big losers and imported car parts and tune-up items the winners under a recent merchandising shift implemented by Fishers Big Wheel.

Executives of the 56-unit chain said a total of 188 slow movers were weeded out—about 30% of them appearance and accessory items.

The decision to change the mix was made after the first quarter of calendar 1980, following two successive quarters of particularly slow movement for the appearance and accessory items.

Slow movers that were dropped or reduced in total sku's included thermometers, tachometers, temperature gauges, buckskin seat covers and air horns.

Replacing them were a variety of new items including about 23 sku's of imported car parts and tune-up equipment.

"We noticed the changing market as early as October 1979, but it wasn't until the end of the first quarter that we caught it, and not until June that we made the changes," the executive said.

When you've done a lot for publishing and even more for retailing, you get noticed.

Every time America goes shopping you might say Arnold Friedman gets noticed. Because Mr. Friedman has impacted upon the retail community for over 55 years.

When notice comes in the form of an award, however, there's special reason to be proud. That's why we're pleased that Mr. Friedman, our founder, is the recipient of this year's Zwirner Award.

This prestigious award is given in honor of Henry T. Zwirner, a man whose contributions to paid-circulation publishing were deep and enduring. In past years the award has gone to such giants in the field as Norman Cousins of *Saturday Review*, John R. Miller, President of the Hearst Corporation, and John H. Sweet of *U.S. News and World Report*.

Now Arnold Friedman's name has been added to this distinguished list, and, we agree, he is an apt choice.

But Mr. Friedman's contribution to publishing stems from an even deeper commitment to retailing. From the very beginning, when he introduced *Chain Store Age* in 1925, he has been keenly aware of the importance of the retail community to the American way of life, and he was among the first to understand the influence the business press could have upon that community. Today his publications are addressed to the establishments which represent over 70% of the goods and services sold in the United States. The people who run these businesses have been noticing what Mr. Friedman has been saying for a long time.

We congratulate him. And not just because he's our Chairman of the Board.

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T.G. & Y.: The Third Generation—Pp. 15-63

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H&BA, Home Center Dept. Changes Are Most Striking in Test

K mart Conservatively Alters Hard Line Presentation

K mart's upscale models in its Indianapolis stores include this array of manufacturers' cosmetics displays—made to K mart's specifications—and many new, more upscale lines. *(DSN photo)*

INDIANAPOLIS—K mart has taken a much more conservative approach to its remodeling and upgrading of hard lines than K mart Apparel did in soft lines.

K mart's top executives have maintained from the start that they wanted the shoppers to "know they were in a K mart store," and that the remodels were designed to make K mart easier and more pleasant to shop (while boosting sales per square foot), but not to transform the chain into an upscale plant.

K mart photos, p. 64

Two major departments—home center and H&BA—have gotten the most dramatic treatment, in a nine-store test here, while changes in other hard lines presentations look more like the cumulative effect of many small changes rather than a radical departure from K mart's standard displays.

In cosmetics, especially, the H&BA departments have gotten a sexy new look, with upscale vendor displays lining the aisles and many new lines brought in to widen and make more sophisticated the K mart mix.

Home centers have been enlarged, and now consolidate all merchandise categories related to home repair and maintenance. New signing and more logical adjacencies are also expected to boost sales per square foot in that classification.

K mart is "primarily after improved sales per square foot," chairman Bernard Fauber told *Discount Store News*, adding that he "doubted" there would be any improvement in the gross margin of the total mix "right now."

Fauber also indicated that it was a "tossup" whether the apparel remodel or the H&BA conversions would move fastest through the chain. But fast action can be expected, as Fauber expressed complete confidence in the existing presentation after only a few months of testing (for apparel) and almost none for hard lines.

"Over the next five years, modernization will get a substantially higher portion of capital expenditures," Fauber

(Continued on page 64)

T.G. & Y. Ups Kelly, Plunk; Plans New Prototype

OKLAHOMA CITY—Two T.G. & Y. veterans have been named to top posts at the 925-unit chain headquartered here.

Dan Kelly, senior vice president, store operations, has been named president, and J. H. Plunk, senior vice president, administration, has been promoted to executive vice president.

The management reshuffling, which reinstates the office of executive vice president scrapped in 1978 in favor of two senior vice presidents reporting to the president, came after the death of president Jim Newgent on Nov. 2, after a long illness.

Other changes were in the works at presstime, including creation of a new store prototype. Also, discussions about finding a new name for the chain's 500-plus Family and Super Centers (discount stores) have once again been renewed.

"I don't believe we will actually go ahead and make a name change," said H. O. Price, named senior vice president of marketing at presstime, "because we can do enough inside the stores to make the public aware of the changes taking place within the chain."

While Price will not detail the changes before early 1981, he did say that the chain is developing a prototype store—to be installed in three nonmetro market locations by late 1981 or early 1982—that would incorporate new merchandising and fixturing approaches, particularly in wearables.

(Continued on page 69)

Dan Kelly, president, T.G. & Y.

J. H. Plunk, exec vp, T.G. & Y.

Woolco to Test Layout in '81, Grouping All Apparel on Right

By Laura L. Mulcahy

NEW YORK—A blueprint for a new store prototype segregating all apparel and apparel-related categories into roughly one-half of a store's selling space is getting the finishing touches at Woolco.

The finished design should be completed before year's end, Robert Butler, vice president merchandising, U.S. Woolworth & Woolco said. He added that the blueprint will be used for one 58,000- to 60,000-sq.-ft. new store to be built by mid-1981. The location for the test store has not been decided.

The prototype is a total departure from the floor plan now found in Woolco's 350 stores.

Most obvious changes are:

Men's, women's, children's and infants' apparel, accessories, lingerie, jewelry, fragrances and cosmetics will all share a carpeted area to the right of the chain's central aisle.

The new design gives soft goods—including domestics, which will be along the rear store wall, near men's wear—45% of the total sales space, compared to 36% in existing stores.

"We're trying to change the mix for all the obvious reasons," Butler said: "higher margins and a better profit."

Because the store will be smaller than the chain's usual 70,000- to 110,000-sq.-ft. units, displays will go higher.

Gone will be all counters except for one each in women's, boys' and girls'. Replacing them in the plans: department-store-like fixtures mostly 54, 60 and

(Continued on page 69)

For Nassi, Retail Losers Are Liquid-atable Assets

[The ongoing liquidation of Korvettes has brought a name from discounting's past into the news again: Sam Nassi, at one time the head of White Front discount stores and now a well-known retail liquidator. DSN interviewed him in his uptown New York City offices to get a better picture of how liquidators fit into the retail picture today—for strong, solvent firms as well as those in trouble.]

NEW YORK—Sam Nassi, master liquidator, currently closing out the Korvettes chain, and veteran of W. T. Grant, J. M. Fields, Turn-Style and Globe liquidations (among many others) in the past, is a hard-nosed businessman.

"The best thing a client can do for us is stay out of the way," said Nassi in his uptown Lexington Avenue office here.

Why can't the client do as good a job of liquidating inventory?

"Because they're not as good as us," he answered. "We're the specialists."

But scratch the surface—press Nassi on his *feelings* when he sits face to face with the ceo of a failed business—and he is almost apologetic. He is first and last a retailer ("liquidations are just another form of retailing"), and a good deal of sensitivity to the feelings of other retailers surfaces.

"I did a deal once with a small electronics firm," recalled the soft-spoken Nassi, "and met the sales manager. A little while later, I did another small electronics deal, and who was there but the same sales manager. And

(Continued on page 11)

The Touche Ross/DSN Discounter Management Development Series article is on p. 13.

Wilson Deal Off, Jewelcor Is Expected to Get Edison Execs' Offer

WILKES-BARRE, Pa.—Edison's two key executives, Ivan and Jack Miller, are expected to make an offer for the cataloger's seven showrooms to Jewelcor, the parent company.

This follows the breakdown of negotiations for H. J. Wilson's purchase of 16 Jewelcor units in the Sunbelt, including the Edison operation.

The termination of the talks between Jewelcor and Wilson last month came as Jewelcor received the first green light from the Department of Energy for its plan to build a $100 million plant to produce fuel-grade ethanol alcohol.

Ivan and Jack Miller previously told DSN they were interested in buying the chain started by their father in 1959. They declined to comment on their plans following the end of talks between Wilson and Jewelcor.

Wilson and Jewelcor executives said they had reached agreement on the financial aspects of the proposed $51 million deal, which involved $11 million for the showrooms and a warehouse and $40 million for inventory.

The talks broke down over ancillary legal aspects that involved guaranties, warranties and representations of such key aspects as leases and inventory valuation.

Executives of both firms emphasized that the termination of talks was made in an agreeable fashion. The Wilson executive explained that both companies had decided that if agreements couldn't be reached by the Nov. 17 closing date, the negotiations would have to be ended "as we both have to take care of Christmas business in our showrooms."

The $40 million inventory figure was an approximation supplied by Jewelcor, with the actual valuation to be determined by a physical count, had the deal been completed, the Wilson executive said.

The proposed deal called for Wilson to sublease 13 of the 16 showrooms from Jewelcor, lease two others owned by Jewelcor, and purchase the 50,000-sq.-ft. Wichita Falls, Tex., unit opened by Edison in August.

The proposed subleases involved showrooms that Jewelcor had obtained as a result of the bankruptcy of W. T. Grant, which had owned the unit and operated them as GrandJewel showrooms.

GrandJewel had been a joint venture of Grant and Jewelcor, but the cataloger divested itself of its 49% interest when the variety store chain went bankrupt.

Jewelcor obtained the four Edison units in operation in 1975 from the Federal Bankruptcy Court handling the Grant bankruptcy and the next year bought the ex-GrandJewel units in Florida (four) and Arizona and California (two each). Jewelcor subsequently opened three Edisons, one each in the last two years.

An Edison executive noted that Edison's identification with Grant and GrandJewel has created problems for the company even though it wasn't involved in the Grant bankruptcy. It took a number of years of operation under the Jewelcor wing before Edison started to expand, he said.

As for Jewelcor's synthetic fuel plan, the Department of Energy has decided that the cataloger was an eligible candidate to "negotiate for a loan guarantee" to build the proposed plant.

Jewelcor has set up Synfuel Energy Corp. as a wholly owned subsidiary to develop the project, with Jewelcor's president Seymour Holtzman as board chairman of the subsidiary; executive vice president Frank Cusela as president, and Leonard Walker as executive vp.

The subsidiary expects to receive an option by the end of the year for a 60-acre site on which to build the plant, from the Nanticoke, Pa., Industrial Development Authority.

Solomon Bros. has agreed to handle the notes that will be used to help finance the project. About $90 million in notes will be involved and will be guaranteed by the Federal Government should the DOE approve the project.

The DOE project to spur development of alternative fuels calls for the Government to guarantee 90% of the notes used for a project. These notes

(Continued on page 74)

Future of 3 Other Communitys Studied

Community Agrees to Sell 7 Stores to Zayre

CHICAGO—Community Family Centers at presstime reached an agreement in principle to sell seven stores to Zayre for an undisclosed amount, boosting Zayre's total in the market to about three dozen.

The future of the three other Community stores was being studied, with one option being the sale of the units to another discounter.

While a tentative agreement was reached with Zayre, the situation could change as a result of other negotiations under way, Community president Donald Lazar said.

He explained that Community decided to sell at least the seven stores because "the terms were favorable to both parties."

Zayre would obtain the leases of seven shut stores, if the agreement's closing takes place as planned. Community would hold liquidation sales before shutting and turning over the stores.

Community is unionized, while Zayre's 30 stores in the Chicago area aren't. Closing down the Community units would terminate the labor agreement and enable Zayre to operate the stores with a clean slate.

Community is a privately-held company. The decision to sell at least seven stores and possibly all the units denotes the heavy competitive pressure that Community has faced, particularly from Zayre and K mart, which has about three dozen stores in the market. Woolco and Venture also have several units in the area, the latter having acquired 13 Turn-Style stores last year.

Young Maxway Stands to Gain by Dutch Giant's Acquisition of Macks

Jetty Slager (left) and Arie Maas, vice chairman and chairman, respectively, of Macks Stores, discuss plans for the chain. Slager will remain in the United States. *(DSN photo)*

SANFORD, N.C.—Maxway, the brand new (three stores open by the end of the year) discount department store division of Macks Stores, stands to benefit substantially from the recent acquisition of Macks by HEMA, a Dutch variety store chain that is a subsidiary of N.V. Koninklijke Bijenkorf Beheer (KBB), a retail conglomerate.

"The Maxway philosophy fits right in with our philosophy of getting the maximum production per square foot from every store," explained Arie Maas, chairman of the board of HEMA and (now) of Macks.

"We're looking at the stores that are already in operation, and we will evaluate them as we go along."

Maas and other HEMA and KBB executives were in Sanford to announce completion of the Macks deal. Jetty Slager, now vice chairman of the board of Macks and a 20-year merchandising veteran with HEMA, is the only representative of the new parent firm who will remain permanently in the United States. Her role is "largely advisory," she explained. "I've got knowhow in buying and merchandising, and I may be able to spot a need here that an existing HEMA procedure could easily take care of."

HEMA, according to Maas, "realizes that Americans must run their own show. We don't know the people, or the culture."

But the American management team—J. Craig Didson, president, Richard Moore, executive vice president and Frank Warner, vice president—"will run Macks like we do in Holland, with a kind of three-way chief executive officer."

Dodson, Moore and Warner expressed confidence in their ability to make the troika work, with the responsibilities generally divided into operations (Dodson), merchandising (Warner) and "everything else"—Moore.

HEMA Operates 170 Variety Stores In Holland; Will Do $800M in '80

HEMA operates more than 170 variety stores in Holland (population 14 million), stuffing 15,000 sku's into 10,000-20,000-sq.-ft. stores and getting sales of more than $500 a square foot.

Each store includes men's wear, women's and children's clothing, lingerie and accessories. Domestics, housewares and H&BA are other major departments. The "weekend amusement" department includes lawn and garden, sporting goods and outdoor games and toys.

More than 60% of the nonfood merchandise (HEMA sells wines and cheese, as well as the products of its own bakeries) is imported, and the chain has a strong price image; "HEMA" means "value for money."

HEMA enjoys a strong consumer franchise in Holland, with 35% of all Dutch women buying HEMA PL bras, and the PL cosmetics program ("Miss Helen") gets 15% of that market. The PL paint at HEMA gets 20% of the Dutch paint market.

HEMA stores are in urban and suburban locations, and are open 52 hours a week. HEMA's total volume this year will be approximately $800 million.

DSN to Be in Housewares Show TVer

CHICAGO—*Discount Store News* will participate in "Housewares Today," a television information service that will be available for the first time next month at the Housewares Show here.

"Housewares Today" is produced by Video Communication Group (VCG), and will be televised over cable to most major hotels in Chicago from Monday, Jan. 12, to Wednesday the 14th, during the show. Coverage starts at 6 a.m. each day, and ends at 9 a.m. on Monday and Tuesday, and 8 a.m. on Wednesday.

Planned for the Housewares Show are interviews with industry leaders, including NHMA managing director Ron Fippinger, and DSN publication director Stu Horton. Top retailers will also be interviewed on the air. Hosts Art Linkletter and Toni Thomas will conduct some of the interviews.

As a promotion to focus attention on the "Housewares Today" programming, five Caribbean "Windjammer" cruises will be given away along with more than 50 other prizes to show attendees who are "spotted" wearing a button available free from VCG.

In This Issue...

SPECIAL STUDY. T.G. & Y. is well on its way to becoming the third-generation discounter envisioned in its Five-Year Plan. DSN's annual special-issue study examines the chain's total operation at this transitional time in its history. Pp. 15-63.

PRICE WINNERS. DSN's latest Marketbasket study—on the Miami-Fort Lauderdale area—found discounters' prices were unaffected by the entrance last year of Best Products and Service Merchandise, two leading catalog showrooms, into the market. P. 5.

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Discounters vs. Discounters

Marketbasket Items	Jefferson	K mart	The Treasury	Woolco	Zayre
HOUSEWARES					
Rubbermaid, Dish Drainer #6050	$ 4.99	$ 4.41	$ 3.88	$ 4.49	$ 4.49
Corning, P-104 6-cup Teapot, Cornflower	—	—	14.88	14.97	—
North American, Coffee Filters, 100	0.99	—	0.99	—	—
Norelco, 10-cup Coffee Maker, #5140	29.99	—	—	22.67	24.49
Hamilton Beach, 7-Speed Blender, #6600	—	—	—	22.97	—
General Electric, Iron, #F-92	19.99	17.97	15.99	—	—
Corelle, 20-piece set	—	25.97	25.99	24.43	29.97
Johnson, Lemon Pledge 14-oz. Aerosol	—	2.27	1.88	2.01	2.09
Proctor-Silex, 2-Slice Toaster #620	14.99	—	—	14.59	14.49
Rival, Can Opener #781	11.99	—	9.99	—	12.49
TOYS					
Selchow & Righter, Scrabble #17	7.99	7.96	5.88	5.34	7.99
Parker Bros. Monopoly #9	6.99	6.96	4.88	6.33	6.99
Milton Bradley, Simon (Original)	24.99	29.96	24.88	29.97	29.99
AUTOMOTIVE					
STP, Oil Treatment, 15-oz. Can	1.59	1.50	1.44	1.09	1.69
Simoniz, Shines Like The Sun Wax, 16-oz. Liquid	5.59	4.68	5.99	3.86	4.99
Champion, Sparkplugs, #J12Y, Eight	8.59	7.76	9.04	8.56	7.99
Lee, Maxifilter	PL	—	3.77	4.39	3.69
Purolator, Oil Filter	PL	—	3.66	—	3.99
H&BA					
Gillette, Right Guard 10-oz. Aerosol Spray	2.79	2.07	2.41	—	2.69
Menley & James, Contact 20-Capsule Pack	2.79	2.81	2.09	2.74	2.69
Noxzema, 10-oz.	—	1.87	1.79	—	1.89
Johnson & Johnson, Baby Shampoo, 11-oz.	2.49	PL	1.88	2.84	2.59
Cover Girl, Liquid Makeup, 1-oz.	2.17	2.11	1.99	2.21	2.24
SPORTING GOODS					
Coleman, 2-Mantle Lantern, #220K	22.99	25.97	24.99	23.57	24.99
Coleman, Propane 2-Mantle Lantern, #5114B	20.99	27.97	22.99	21.15	—
Coleman, Fuel, 1-gal.	2.79	3.88	2.99	3.42	3.49
Wilson, Tennis Balls, 3-Pack Can, Optic Yellow	2.48	—	2.44	2.96	2.69
Propane Fuel Cylinder	2.79 (Coleman) (16.4-oz.)	2.67 (PL) (16-oz.)	2.44 (Coleman) (16.4-oz.)	2.07 (Primus) (14.1-oz.)	—
HARDWARE					
Black & Decker, ⅜-in. VSR Drill, #7127	PL	21.97	26.99	19.99	—
3M, Sandpaper Pack, Flint	PL	1.07	—	1.18	1.19
Elmer's Glue, 8-oz. Squeeze Bottle	1.39	—	1.33	1.57	1.37
Stanley, Powerlok Tape Measure, 12-ft. x ½-in.	PL	7.17	—	6.79	7.79
Stanley, Hammer #ST1½, 16-oz.	PL	6.37	6.44	8.39	—
Dap, Spackling Compound, 1-qt., White	PL	3.97	—	3.23	3.49

PL—Private label

Discount Stores' Prices Are Unaffected By Top Catalogers' Invasion of Florida

By Arthur Markowitz

MIAMI—Discounters' prices have generally been unaffected by heavy competition triggered by the invasion of the Miami-Fort Lauderdale market last year by Best Products and Service Merchandise, two of the nation's leading catalog showroom chains.

Other findings of a DSN survey:

(1) The Treasury and Woolco tended to have the lowest prices among the five discounters that blanket the market with more than five dozen stores.

(2) Among catalogers, Best most often had the lowest prices, as it did when the same hard goods items were first checked eight months ago (DSN, April 21, p. 3).

The survey involved two different price comparisons. One was a repeat check of discounter and catalog prices for the same 18 items that were first surveyed in April. The second compared prices only among discounters for about three dozen hard lines products that had previously been used in price checks of discounters in Nassau County, N.Y., (DSN, Oct. 20, p. 3) and in Houston and Cleveland (DSN, Nov. 3, p. 1).

An analysis of the two price comparison charts indicates that only The Treasury attempted to consistently compete with catalogers, due to its unique position of having Service Merchandise as the next door neighbor for its four discount stores in Miami.

In the latest discounter vs. cataloger price comparison, showrooms had the lowest prices in 12 instances, discounters in four and there were two ties. The April check showed catalogers with the lowest price in 14 cases, with discounters lowest in four.

In the discounter vs. discounter check, The Treasury had the lowest prices 15 times, followed by Woolco, nine; K mart, four; Jefferson, three, and Zayre, two, with one tie.

Of the 34 items price-shopped at the discounters, only 11 were carried and in-stock at the stores checked for the five chains. These 11 items had a total retail of $88.05 at The Treasury, the lowest among the discounters, followed by Jefferson at $91.47; Woolco, $91.58; K mart, $96, and Zayre $97.54.

DSN used three dozen basic hard line items in its discounter marketbasket check. In the Miami-Fort Lauderdale market, The Treasury and Woolco each didn't have six of those products. Zayre didn't have eight; Jefferson and K mart, 11. (The interesting fact about the latter two discounters' merchandising is that K mart had one private label alternative, while Jefferson had seven PL products in place of the national brands checked by DSN.)

In the discounter vs. cataloger comparison, Woolco had the lowest price among discounters eight times, while The Treasury and K mart were each lowest in four cases. But, if The Treasury wasn't the lowest, it tended to be second or third lowest more often than Woolco and K mart.

A The Treasury source explained that the discounter competed with Service Merchandise on the basic and highly recognized items and brands (the products featured in the DSN price survey) but offered different models when possible.

Drip coffeemakers are a case in point. The Treasury carried 12 sku's while Service Merchandise had 13 units in its catalog. But, there are only two drip coffeemakers carried by both retailers. One is the Norelco Express, with The Treasury's tag at $18.99 and Service Merchandise listing it at $19.97, while the other is General Electric's DCM 15 model, with the discounter at $39.99 and the cataloger at $33.97.

Discounters didn't lower their prices in Miami to meet the growing cataloger competition for a number of reasons, sources told DSN, banking on these techniques and factors:

- Use of sharp prices in promotions to establish and maintain a low price image.
- Reliance on soft goods along with hard lines to offer one-stop shopping, rather than just the more limited hard goods featured by catalogers.
- Greater number of stores and mass display of goods, so that shoppers have to travel less and can easily find goods in each product area. Consumers shopping catalogers on the other hand, have to travel longer distances and after selecting an item from the book face the possibility of it being out-of-stock when they visit one of the few showrooms operated by a specific cataloger.
- The effects of inflation which forces all retailers to raise prices, but which has a more negative impact on catalogers that show one price in their book and have a higher tag in the showrooms.
- The sharp price increases put through by catalogers—particularly Best and Service Merchandise—in the 1980-81 books as they tried to recoup from the low prices in effect last year during the price fight among showrooms as Best and Service Merchandise entered the Miami-Fort Lauderdale market.

Treasury 'Wins'

Marketbasket Summary (total price for 11 items)

The Treasury	$88.05
Jefferson	$91.47
Woolco	$91.58
K mart	$96.00
Zayre	$97.54

DSN's marketbasket of 34 basic hard line items was price-shopped in the five discounters that blanket the Miami-Fort Lauderdale market. *(DSN chart)*

Fla. Discounters and Catalogers Raise Many Hard Goods Prices

Shelf Items	Best Products	Leeds	L. Luria & Son	Service Merchandise	Sam Solomon	Jefferson	K mart	The Treasury	Woolco	Zayre
Igloo Little Playmate	$ 6.97	$ 9.96	—	$ 8.92	$ 8.97	—	$ 6.97	$ 8.99	$ 8.47	—
Igloo Playmate	11.84	14.96	—	13.92	13.47	$12.99	12.88	12.99	11.77	—
Coleman 2-Burner Stove Model #425	27.74	29.97	—	27.97	28.86	—	24.88	25.99	25.97	$26.99
Coleman Double Mantle Lantern #220	24.97	24.97	—	24.97	24.97	22.99	25.97	24.99	23.57	24.99
Kodak Colorburst #A50	34.46[a]	29.97	$26.87	26.97	—	—	37.67	31.99	26.88	—
Polaroid 1-Step #2173	26.47	27.67	27.97	26.97	—	34.99	—	29.99	28.44	34.88
Connect Four	5.94	5.97	—	6.47	5.99	6.99	7.37	6.99	5.92	7.99
Stratego	6.92	6.97	—	6.92	6.97	7.99	8.57	8.99	—	9.99
Merlin	28.76	26.97	—	27.77	29.92	26.88	34.96	26.88	33.96	29.99
Black & Decker Saw #7300	19.84	24.73	—	21.84	23.44	—	24.97	24.99	24.97	—
Black & Decker Drill #7127	16.84	19.77	—	16.94	19.97	—	21.97	26.99	19.99	—
Black & Decker Jigsaw #7580	22.84	24.93	—	21.97	24.97	—	29.88	26.99	—	29.99
General Electric Food Processor FP-1	44.97	48.77	45.77	44.97	44.94	49.99	57.97[b]	49.99	44.88	—
General Electric Iron #F201	16.86	17.87	16.80	16.93	19.97	19.99	21.87	—	—	—
North American Mr Coffee MCS 201	34.97	33.97	—	32.84	31.99	36.99	34.87	—	—	—
General Electric Toaster-Oven #T-93	29.97	29.97	29.99	28.97	28.99	32.99	38.97[c]	30.99	44.97	36.99
Corning Ware Menu-ette set, Spice	17.47	18.63	17.74	18.97	19.97	—	21.96	19.88	25.17	—
Corning Ware Corelle	24.43	24.97	24.97	24.93	27.97	—	25.97	25.99	24.43	29.97

(a) Price is for kit; camera alone is priced at $26.47 as an NIC in some Best showrooms. (b) Basic price for item; K marts that meet cataloger competition price the item at $49.77. (c) Basic price for item; K marts that meet cataloger competition price the item at $30.47.

Discounters and catalogers have raised prices on many of the 18 hard goods items price-shopped by DSN in the Miami-Fort Lauderdale market both in April (see DSN, April 21, p. 3) and in October. The chart includes Leeds as the replacement for Jewelcor, which has closed its showrooms in the market, and added Woolco and Zayre, which weren't checked in April. *(DSN chart)*

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Consumer Electronics Show Section: Pp. 25-42

Discount Store News®

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Woolco's more fashionable presentations in its new prototype store in Clinton, Md., include this upscale mannequin/gown display. Note the print carpeting. *(DSN photo)*

Woolco, Nichols, Clarkins Join Trend

More Chains Redo Layout, Presentation

Nationwide DSN Report

Woolco, Nichols and Clarkins have joined the growing list of discounters rolling out new store designs in the last few months, as the industry reacts to a slower-than-expected recovery from the mini-recession of 1980.

Increased pressure on the bottom line has forced discounters to seek new means of bolstering productivity at the store level, while cutting inventory and operating expenses. The battle to get shoppers to spend more of their disposable income on each trip into the stores has prompted K mart, Richway, Big K (prior to the Wal-Mart offer), Woolco, Nichols and Clarkins to improve their presentations and upgrade some merchandise categories in an intensified battle for the consumers' dollars.

Woolco officials refused to comment on the significance of the layout changes evident in its new Clinton, Md., store (opened Oct. 29).

But, it seems clear that the nation's second-ranking discounter has not fully settled on its plan to (finally devise) and unveil a prototype later this year that will send soft and hard goods each to its own side of the store (DSN, Dec. 8).

The most obvious change in this strip center store is the presence of housewares at the front of the store, just to the left of the first checkout. Generally this high-traffic area is stocked with H&BA. The second major change is the relocation of men's and boys' wear deep in left field, adjacent to sporting goods, camping and auto (which form the corner in the left rear of the store). The area is merchandised so that outdoor wear—down vests and hunting jackets—face and jump across the aisle into camping.

H&BA joins jewelry, fragrances and cosmetics in deep right field, behind shoes and jewelry and in front of domestics, which hugs the rear wall. A serviced cosmetics/jewelry

(Continued on page 124)

May's Family Centers Owners Buy Community, Will Merge Chains

SCHERERVILLE, Ind.—The owners of May's Family Centers have purchased all the stock of the 11-unit Community Family Centers for an undisclosed amount and plan to merge the two discounters.

Michael Saywitz, who is president of both chains, said Community was acquired because its stores are in the same Greater Chicago market as May's, which operates 13 units, seven under the May's name and six under the Belscot logo.

May's overhead is expected to increase only slightly while it could gain about $50 million in sales to hit the $100 million level, he said. Community would be operated out of May's headquarters using the latter's current staff, while the combined increased ad budget would be less than Community's total advertising expense.

May's last year acquired the half-dozen Belscot stores to about double its volume to $50 million.

Community, before its stock was sold to Michael Saywitz and his brother, Herbert, who is now chairman of the two companies, had been negotiating the sale of the leases of a number of units in Chicago to Zayre, which has 30 stores in the market.

May's is continuing these discussions, Saywitz said.

Community, under the Saywitz ownership, has undertaken an extensive newspaper and TV ad campaign to regain the customers and sales lost while the discounter's future operations were uncertain.

(Continued on page 5)

Barkers Wins DSN's DISC Award

NEW YORK—The winner of the 1980 DISC (Discounters In Service to the Community) award is Barkers, for a program that emphasized volunteerism and involvement at the local level.

"This award is a testament to our employees who, when given the freedom, selected local causes to support and exercised ingenious and creative ways of helping," said Barkers vice president of employee and community relations Arlyne Imberman. "The prize was won by the Barkers employees in communities where the stores are located. It is a program for the people, not corporations."

The Barkers program included such diverse activities as American Cancer Society marathon pledges, visits to nursing homes, raising funds to pay for a child's life-saving operation, giving educational seminars in retailing, sponsoring blood drives and a multitude of other projects conceived and carried out by Barkers store employees in almost all of the 63 Barkers stores.

Barkers employees are allowed time off to participate in community projects. In-store committees determine specific needs of the community, and act on them.

"As a result, each store's program is totally individual and tailored to a town's needs," ex-

(Continued on page 5)

Catalog Showroom News Spotlighted

In order to provide the most comprehensive and concise coverage of the catalog showroom industry—one of the fastest growing retail segments—*Discount Store News* will include a Catalog Showroom News section in every issue. We believe it is important for discount department store retailers to keep posted on the news and issues within the catalog industry. Catalog Showroom News will make it easier to keep up to date with this rapidly developing and important market. In this issue, Catalog Showroom News appears on p. 13.

Kittay: King's/Barkers Merger to Involve Reformatting Stores

"It will take time for the companies to absorb each other. It can't be done overnight."—Sol Kittay, chairman, Cornwall Equities, and president of King's.

Sol Kittay, chairman of Cornwall Equities, the parent company of Barkers and Franklin Stores, met last month with Discount Store News *in his Manhattan office to discuss the recently consummated acquisition of the two retailing operations by the King's chain. Kittay owns a 12% controlling interest in King's, and has been acting as the chain's president since last April, when he replaced Bernard Litwak, who left to become president at FedMart, San Diego. Kittay has operated Barkers and Franklin Stores since 1974, which he bought as a single entity after selling his ownership of BVD, a manufacturer of men's underwear. Prior to that, he owned the successful National Shirt Co.*

DSN: How did Cornwall handle the merger of King's and Barkers?

KITTAY: We handled the merger absolutely at arm's length. There was an independent committee of King's board members, comprised of directors I didn't know, who had been on the board long before my arrival, working absolutely independently. They picked their own counsel, they picked their own investment banking house, they picked their own consultants, and they spent months evaluating the merger. I never appeared at their meetings. It was negotiated at arm's length, as though we were strangers, until they arrived at a decision. Then we sent the proxy statements out to the stockholders and called for a special meeting to vote on it. I didn't vote the stock I had at all—only the other stockholders voted. And they voted overwhelmingly in favor of the deal.

(Continued on page 23)

Under-2%-Shrink Discounters Are Profiled in NMRI Security Survey

NEW YORK—Discounters with shrinkage rates under 2% of sales are more likely to prosecute all customers who are caught shoplifting; more likely to emphasize a retailing background for security personnel; more likely to have the store security head report directly to the store manager—and more likely to improve their shrinkage statistics than chains with higher rates.

These are some of the findings in the 1980 "Inventory Shrinkage Control and Security in Mass Retailing" survey of the National Mass Retailing Institute (NMRI), conducted by Arthur Young & Co.

The research contains data from 62 retailers with more than 13,000 stores, with an aggregate volume of approximately $18 billion.

Of those responding, 56.5% of the chains prosecute all shoplifters, more than 58% prosecute all employees caught stealing, and less than 4% experience two or more false arrest suits in every 100 arrests.

Low-shrink companies—defined as those with rates under 2% of sales—are more likely to prosecute than high-shrink companies, with annual losses higher than 3% of sales. Among high-shrink companies, 30.8% require a witness to the crime and 38.5% will prosecute only when there is a substantial loss. Only 4.3% of the low-shrink companies require a witness, and only 8.7% limit prosecution to cases in which a large loss is sustained.

Low-shrink companies are also more likely to discount the importance of a law enforcement background, and more likely to seek out security personnel with a background in retailing.

Low-shrink companies attribute most of their losses to employee theft, while high-shrink companies tend to blame shoplifters and vendor shortages. Of the high-shrink firms, 18.2% think that at least half of the shrink came from shoplifters, and more than one fourth from vendor shortages.

That may result from the generally better tracking of shipments by low-shrink companies, which were more likely to know how frequently vendor shortages occurred, and how the frequency of vendor shortages may have changed over the years.

Of corrective measures suggested in the research, low-shrink companies tended more so than high-shrink companies to endorse employee education, better employee screening and more control by distribution managers. High-shrink firms leaned toward better accounting systems.

Errol M. Cook, a partner at

(Continued on page 5)

Policies for dealing with shoplifters; By shrinkage percentage, how the decision to prosecute is made.

	Among chains with shrinkage rates		
Prosecute:	2.0% or less	2.1-2.9%	3% or more
All customers caught	73 9%	58.8%	46.2%
All employees caught	69.6	47.1	76.9
Only when a loss prevention person is a witness to the crime	4.3	23.5	30.8
Only when the loss is great	8.7	35.3	38.5

Actions that retailers believe will do the most to reduce shrink

	Percentage of respondents among chains with shrink rates		
	Under 2%	2.0-2.9%	3% or more
Increased employee education	69.6%	70.6%	27.3%
Improved employee screening	17.4	17.6	9.1
Increased security force	17.4	17.6	18.2
Improved paperwork and accounting systems	8.7	35.3	27.3
More control by the district mgr.	17.4	5.9	0.0
More control at registers	8.7	11.8	18.2
Increased prosecution	8.7	5.9	18.2
More control over purchasing	13.0	11.8	0.0

CEO Gundlach Exits FedMart; Mann Tightens Personal Control

SAN DIEGO—Heinz Gundlach, chief executive officer and chairman of the executive committee of FedMart, has resigned.

Hugo Mann, chairman of the board and principal shareholder, has replaced Gundlach as chairman of the executive committee and named Jan W. Heydorn, formerly president of Mann's home furnishings division in West Germany (Mann Mobilia) as FedMart's new president.

No new chief executive officer has been named, and no chief operating officer. FedMart's last president, Bernard Litwak, held the coo title until he was fired by Gundlach last October—after only five months in the position.

While Mann consolidates his personal control of the company into which he has thrown so thrown so many millions of dollars drawn from the European retail operations, he is making an additional $10 million investment in FedMart. The five-year, 12½% note is needed to "provide additional capital and improved liquidity in recognition of losses which FedMart anticipates in its first quarter," according to a company release. FedMart's first-quarter losses last year hit $2.6 million on sales of $228.3 million. Losses in the company's last completed fiscal year (ended Aug. 31, 1980) were $6.3 million.

FedMart has also named a new executive vice president of nonfood merchandising, replacing the also-recently-departed Robert Quayle. He is Leonard Williams, formerly general manager for hard and soft lines merchandising at The Treasury.

Gundlach, who remains a member of the executive committee and vice chairman of FedMart, was not available for comment.

Dosek Outlines Proposed Rule

FTC Seeks Implementation of Full Warranties

In recent months, the Federal Trade Commission has increased its monitoring of the availability of presale warranty information and is expected to step up its activities in the immediate future.

Additionally, the FTC was expected to approve by presstime a new rule regarding "reasonable" duties or obligations on full warranties. The rule will address such subjects as return of products, proof of warranty eligibility, and time for giving notice.

A key official involved in enforcement actions and the proposed rule is Edwin F. Dosek, an FTC staff attorney.

The following interview with Dosek was conducted by John S. Friedman, Washington correspondent for Discount Store News.

DSN: Many discounters believe that your proposed changes will mean the end of full warranties. Will this occur?

Dosek: In some instances this rule may change warranties from full to limited. But I think as many full warranties will come into the marketplace as will leave.

DSN: In what cases might manufacturers decide to change warranties from full to limited?

Dosek: If warrantors have to assume payment of mailing and shipping charges, both ways, that might create some changes. The manufacturer of a small coffeepot then, might conclude that he can get just as much mileage out of a limited warranty as out of a full year warranty.

"I believe warrantors know the marketplace better than we do. For that reason, they ought to be the captains of their destiny."—FTC's Edwin F. Dosek

Also, bookkeeping has to be adjusted, and that internal

(Continued on page 124)

Spotlight on: A New Toy Chain

The Mix Makes Progress at Cataloger's Toy Store

Plastic riders and sidewalk bikes, adjacent to the 20-in. and larger bikes, provide the natural progression from toddler to preschool to teen that forms the basis of The Toy Store's marketing strategy. The chain, a recent venture by its parent company, Service Merchandise, opened in Nashville (shown here) and in Louisville last fall. For additional information and pictures, see the Catalog Showroom News section on p. 13.

In This Issue...

TRADING UP. Discounters are developing new housewares/small appliance areas as part of a trade-up effort to capture more sales and profits. See the special Housewares Show section, pp. 51-119.

GOOD DEALS. A sluggish economy is making for few hot new product lines in consumer electronics this year, but good deals are available from importers seeking to reduce large inventories that have developed. Consumer Electronics Show section, pp. 25-42.

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Vol. 20, No. 1 Jan. 12, 1981

May's Owners Buy Community

(Continued from page 1)

In the months preceeding the stock sale, Community's owner had cut back on advertising and let inventories run down.

Community, under the theme of "Serving You Better", has been running 2-3 pages of ads a day in Chicago newspapers.

Saywitz said this ad program couldn't be meshed with May's because the latter's plans were set long before the acquisition.

May's runs the same ads for the stores under its logo and under the Belscot name, changing only the tagline in the ad listing the chain and the location of stores.

Community will be handled in the same way, he said.

The similarity between May's and Community includes both the locations in the Greater Chicago Area and the fact that the two chains are the only unionized discounters in the market. Zayre's proposed acquisition of any Community stores from May's would entail Zayre's closing down the units to terminate the union contract so that the stores could be operated with a fresh slate.

The Saywitzes plan to open the one store Community closed in Highland, Ind., because May's uses local newspapers for its five units in the area, and adding the Community store wouldn't increase its ad cost.

The 10 operating Community stores include eight in Chicago, and one each in Harvey, Ill., and Kenosha, Wis. The 13 stores run by May's include a Belscot in Waukegan, Ill., which is across the state line from Kenosha, Wis.

May's last year acquired nine Belscot units and retained six. The other three were subleased.

The Saywitzes purchased the Community stock from a group of investors headed by Donald Lazar. The investment group had acquired the discounter from Fuqua Industries in 1979.

Lazar, who had been president of Community under its Fuqua ownership right through the sale to the Saywitzes, has become a real estate developer.

Barkers Wins DISC Award

(Continued from page 1)

plained Imberman.

More than 30 underprivileged kids enjoyed a picnic in upstate New York, sponsored by a Barkers store community relations committee.

Youngsters from an orphanage near Schenectady, N.Y., experienced an unexpected Christmas celebration, complete with a Santa Claus and presents, courtesy of a Barkers in that city.

Two pediatric wheelchairs were purchased through the efforts of Barkers employees, kids went to camp, senior citizens received gifts and visits, ambulance crews got needed equipment, and holiday meals were provided for many lonely people.

The Barkers program is comprehensive, involving large sums of money. But its real value to the communities that benefit and to the chain is its responsiveness to local needs, and the positive feelings that involvement engenders in each Barkers market.

Other chains in the DISC balloting this year included Target, Zayre and Wal-Mart (which finished in a virtual tie for second place behind Barkers), Barkers' parent King's, Jamesway, and others.

Presentation of the 1980 DISC award will be made at a luncheon sponsored by *Discount Store News* in New York, at a later date.

Control of Shrinkage Is Analyzed

(Continued from page 2)

Arthur Young and chairman of the accounting firm's national retail group, pointed out: "Companies experiencing low shrinkage attribute the bulk of their losses to employee theft, while high shrinkage companies attribute at least half of their losses to shoplifting.

"This correlation is particularly interesting, as we found that low-shrinkage companies tend to take a harder line in prosecuting shoplifters than high-shrinkage companies do."

Richard Hersh, president of the NMRI, added: "The results of the survey provide valuable data to aid retailers in strengthening their security practices."

Complete survey results are available to all retailers through the NMRI, 570 Seventh Ave., New York, N.Y.

Methods in screening nonsecurity personnel

	Among chains with shrink rates		
	2.0% or less	2.1-2.9%	3% or more
Background check	92.0%	78.9%	76.9%
Credit check	32.0	31.6	23.1
Polygraph	16.0	15.8	7.7
Security loss prevention interview	20.0	5.3	15.4
Personality or psychological test	24.0	0.0	30.8

Security cost as a percentage of retail sales

	Among chains with shrink rates		
	2.0% or less	2.1-2.9%	3% or more
Less than 0.1% of sales	12.0%	5.3%	0.0%
0.1-0.333 of sales	28.0	26.3	30.8
0.334-0.499	20.0	21.1	0.0
0.5-0.999	16.0	15.8	23.1
1.0 or greater	4.0	5.3	7.7

Wal-Mart/Big K

(Continued from page 3)

and a few conflicts," explained Shewmaker of the Big K stores —which are as small as 30,000 sq. ft.—"and Big K has some restrictions on it, mostly financial. But we have good financial strength, and we think we can help.

"We want to salvage as many of the stores as possible, and we've got our people looking at the locations now."

Big K's management has been unable to pull the chain out of its nosedive, which has brought losses of $4 million for the first three quarters of the current fiscal year, on flat sales of $197 million.

Since Wal-Mart has reached this agreement in principle with the Kuhn family members that own and vote almost 50% of the chain's 2.6 million shares, the purchase seems likely to proceed to completion. Present Big K management—chairman and ceo Jack Kuhn, president and coo Gus Kuhn—is "not planning to remain at Big K," according to one source.

Cook: Net Loss Despite Biz Rise

MAPLE HEIGHTS, Ohio—Cook United reported sales increases for the third quarter and nine months ended Nov. 8 but posted earnings losses for the same periods.

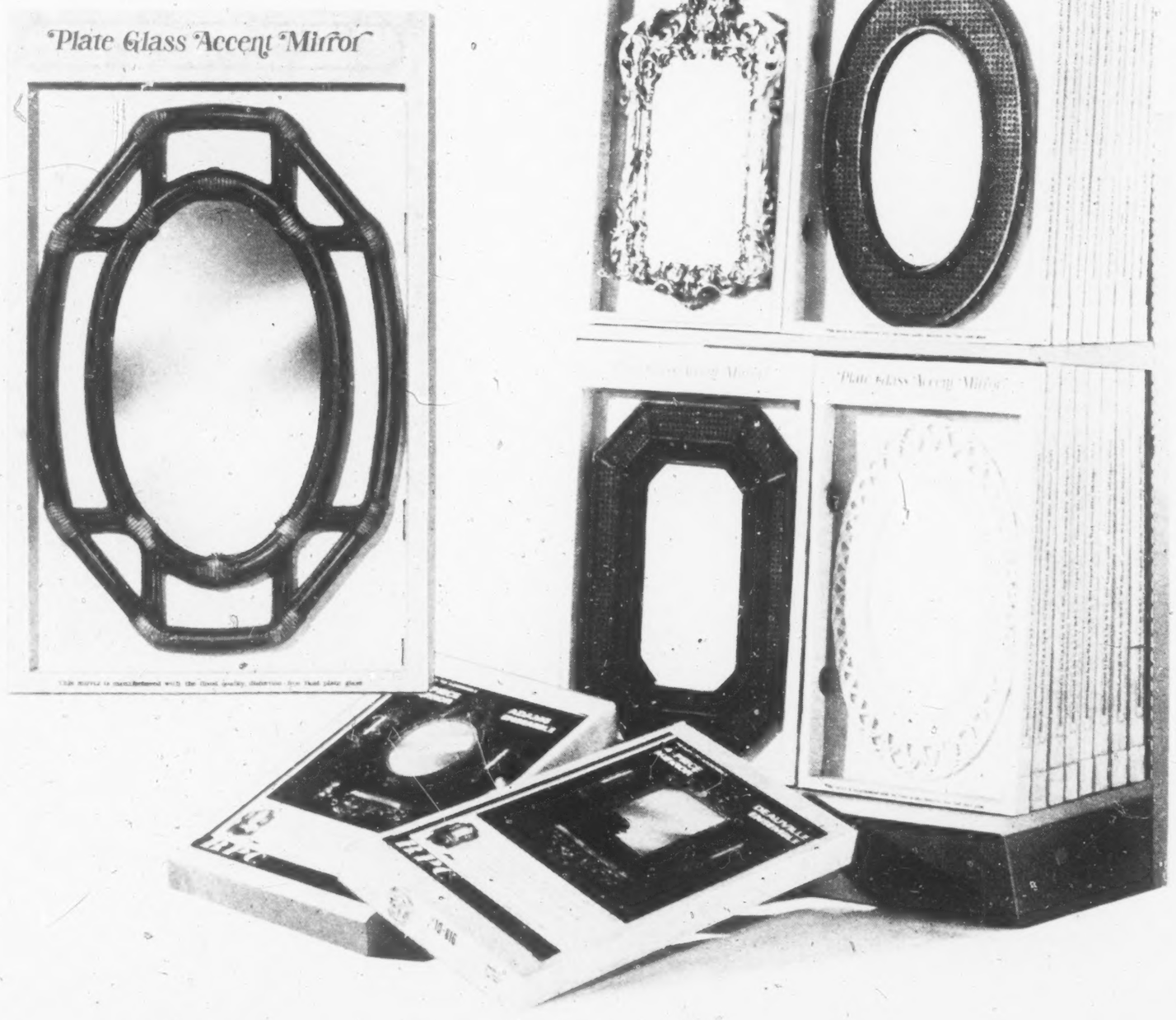
Sales for the quarter increased 4.2% from $97,023,000 in 1979 to $101,068,000. An operating loss of $279,000 or $0.05 per share, however, compared to earnings last year of $644,000 or $0.10 per share in third quarter 1979.

For the nine months Cook United posted sales of $316,768,000, up slightly from same-period 1979's $314,213,000. A loss of $1,249,000 or $0.22 per share compared to earnings of $1,132,000 or $0.18 per share.

The losses were attributed to new store start-up costs and increased pressure on margins from promotional activity.

NEW CONCEPTS FROM NEW HAVEN

Islander Mirror... a new ingredient in your profit mix



Here's one of today's most-wanted looks... bamboo and cane; in a romantic frame for a genuine PPG float plate glass mirror. And to make it even more attractive, we've packaged it in a display package that's dynamite on your gondola or in your own dramatic display. For even more sales drama, check the price point... and your profit margin. You'll agree that the Islander Mirror makes a great new ingredient in your profit mix. Get the whole New Haven story. One collect call to (312) 463-3345 brings it right to your desk.

New Haven
A Great American Name Since 1853
Division of Burwood Products Company •
P.O. Box 59365 • Chicago, Illinois 60659 • (312) 463-3345

See the Islander Mirror, and all the new concepts from New Haven, at the Housewares Show, Booth 3068-72, in Chicago's McCormick Place.

Housewares Show Section

Discounters Boost Productivity in Housewares and Home Furnishings

NEW YORK—Discount stores have slightly boosted the productivity of nonelectric housewares and home furnishings, but gross margins and turns of small appliances have slipped, reducing the overall profitability of this category.

Conventional department stores have also increased the profitability of housewares and home furnishings, while maintaining overall productivity of electric housewares.

Operating results covering the two types of retailers for 1979, the latest available period, show wide gaps continue in the markup, gross margin and sales percentage of total volume figures reported for housewares and small appliances by discounters and conventional department stores.

The differences are much narrower for the markdown and stock shortage figures between categories and in the turnover for housewares; the turn figures for home furnishings and small appliances, however, are radically different, as discounters achieved a 15.5 turn for the former and 32.2 for the latter while conventional department stores managed only 2.1 and 3 turns.

The big difference in the turn figures denotes the different merchandising approaches of the two types of retailers.

Discounters, in traffic appliances, rely heavily on this category to draw customers by featuring a large number of small electrics regularly in ads at low prices, while conventional department stores promote fewer items—often higher priced specialty and gourmet products—at close to regular retail.

In home furnishings, discounters concentrate on the fast-turning modular furnishing and home decor items such as lamps and pictures, while conventional department stores include higher profit, but slower moving furniture as a key part of their offering.

The improved productivity of nonelectric housewares reflects discounters' moves into such areas as step-up cookware sets and fashion bath and closet goods. The profit gains in home furnishings has resulted from merchandising of better quality modular furniture such as all-wood pieces and offering a wide mix of fashion lamps as the trade-up from plastic KD and basic lamps.

A comparison of the NMRI's 1979-80 report for discounters with the previous study shows that housewares markup slipped 0.1 percentage points to 35.4% but that gross margins went up 2.2% to 31.6%. Turns and stock shortage remained stable but markdowns jumped 40.5% to 8.3%.

The figures in home furnishing show an 0.5 percentage point slip in markup along with an 0.6 percentage point drop in stock shortage to 2%. Markdowns jumped 34.7% to 9.7%, but gross margins also went up, gaining 2.5% to 32.4%. Turns dropped 13.4% to 15.5% turns.

Gross margins for housewares and home furnishing went up due to the overall trade-up of both categories that more than offset the miniscule declines in markups and the slightly higher increases in markdowns.

Electric housewares, however, didn't have any step-up, as such higher priced appliances as convection ovens and trade-up food processors failed to make a major sales impact. The continued extensive reliance on this category for promotions also negatively impacted small appliances.

Markups dropped 6.2% to 24.1% while markdowns increased 2.5% to 8.1%, so that gross margins fell 7% to 17.4%. Stock shortages remained stable, but turns went down 9.3% to 32.2%, thereby further reducing the category's overall productivity.

The different merchandising attitude to the three categories between discounters and conventional department stores is easily seen in the sales percentage in each area. Discounters view each category as key elements in both basic and promotional hard lines merchandising and housewares, therefore, accounts for 6.2% (down 0.7 percentage points) of total volume, while electrics checks out 2.7% (up 0.2 percentage points) and home furnishings, remains even at 2.3%.

Conventional department stores, with their great emphasis on soft goods, generates

(Continued on page 53)

	Housewares		Small Appliances		Home Furnishings	
	Discount Stores	Department Stores	Discount Stores	Department Stores	Discount Stores	Department Stores
Markup	35.4%	44.7%	24.1%	27.7%	38.0%	48.1%
Markdown	8.3%	7.7%	8.1%	6.2%	9.7%	9.2%
Stock Shortage	0.7%	1.4%	2.4%	1.7%	2.0%	1.1%
Gross Margin	31.6%	41.9%	17.4%	25.0%	32.4%	44.6%
Turns	2.6	2.1	32.2	3.0	15.5	2.1
% of Total Sales	6.2%	1.4%	2.7%	0.9%	2.3%	8.2%

Source—Discount stores: NMRI's 1979-80 Operating Results of Self-Service Discount Department Stores (revised). Department stores: NRMA's 1980 "MOR" report of 1979 merchandising and operating results.

Discounters go with lower markup and gross margin and higher markdown for housewares, electrics and home furnishings than do conventional department stores. The gross-profit-dollar push that enables discounters to make money from these areas is due to the higher turnover.

Dental Centers Gain in Stores

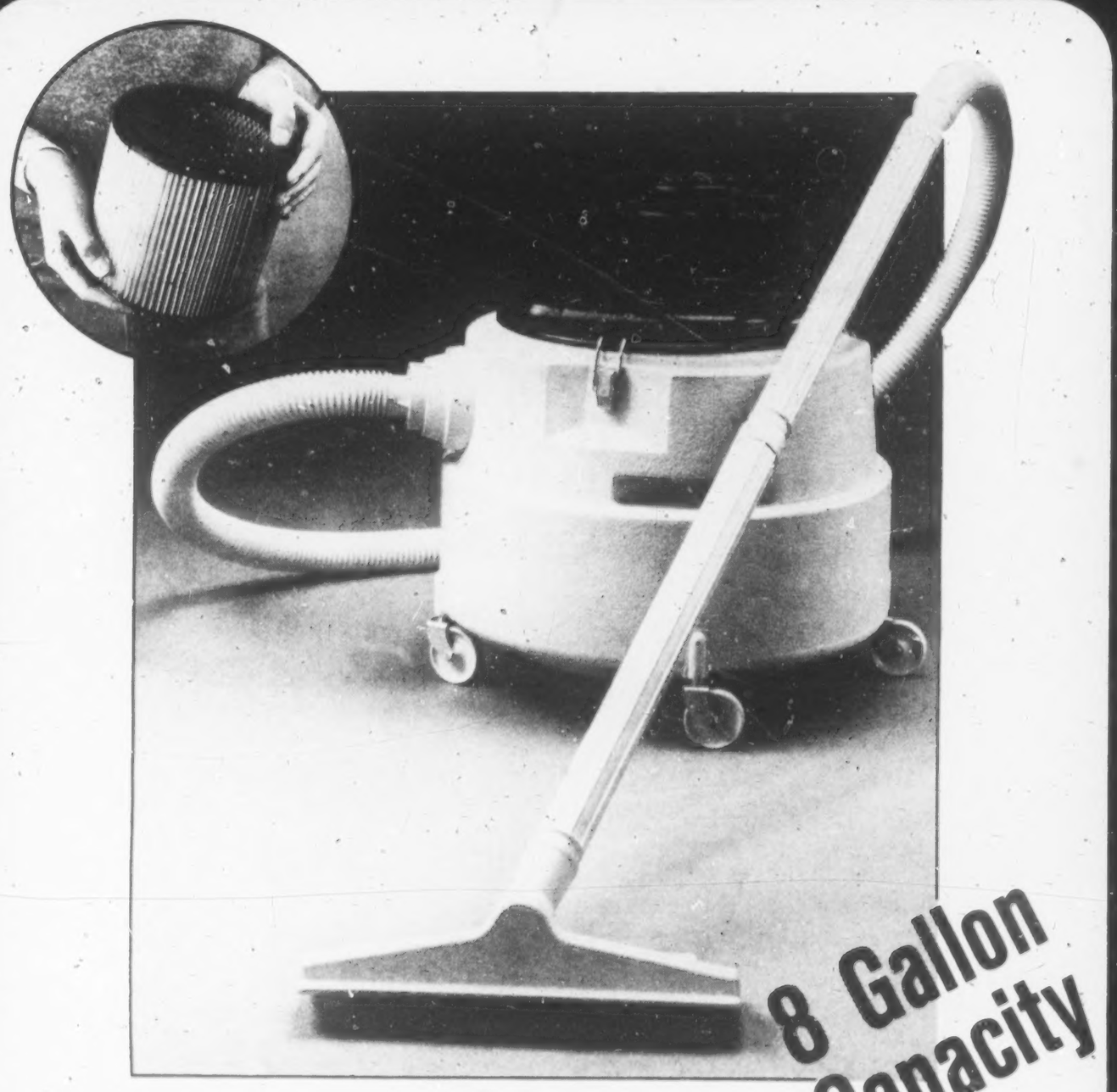
NEW YORK—Retail dental centers are sprouting rapidly across the United States, and, according to a recent market study, their number could grow from 45 today to 160 by 1982.

In its study, entitled "Retail Dental Centers: A Market Overview," the FIND/SVP research firm concluded that if major chain operators solve the financing and management problems associated with the market's growth, the number of centers could run as high as 500 in that same period.

The phenomenon of retail dental centers, which consist of walk-in clinics located in high-traffic chain stores, began in 1977. The study showed that these centers offer consumers greater accessibility and a pricing edge over freestanding clinics and private practitioners. The centers are in a good position to expand the

(Continued on page 53)

Tests Prove



Rugged Ball Bearing High-Performance Motor

Long Life, Washable, Re-usable Cartridge Filter
Requires no changing from wet to dry — no old fashioned, messy paper bags to change.

Rugged "Sheltonite" Tank
New non-metallic tank won't scratch, chip, dent or rust.

Low Center Of Gravity!
Virtually eliminates the possibility of tipping.

Integral Caster System
Eliminates the need for separate dolly.

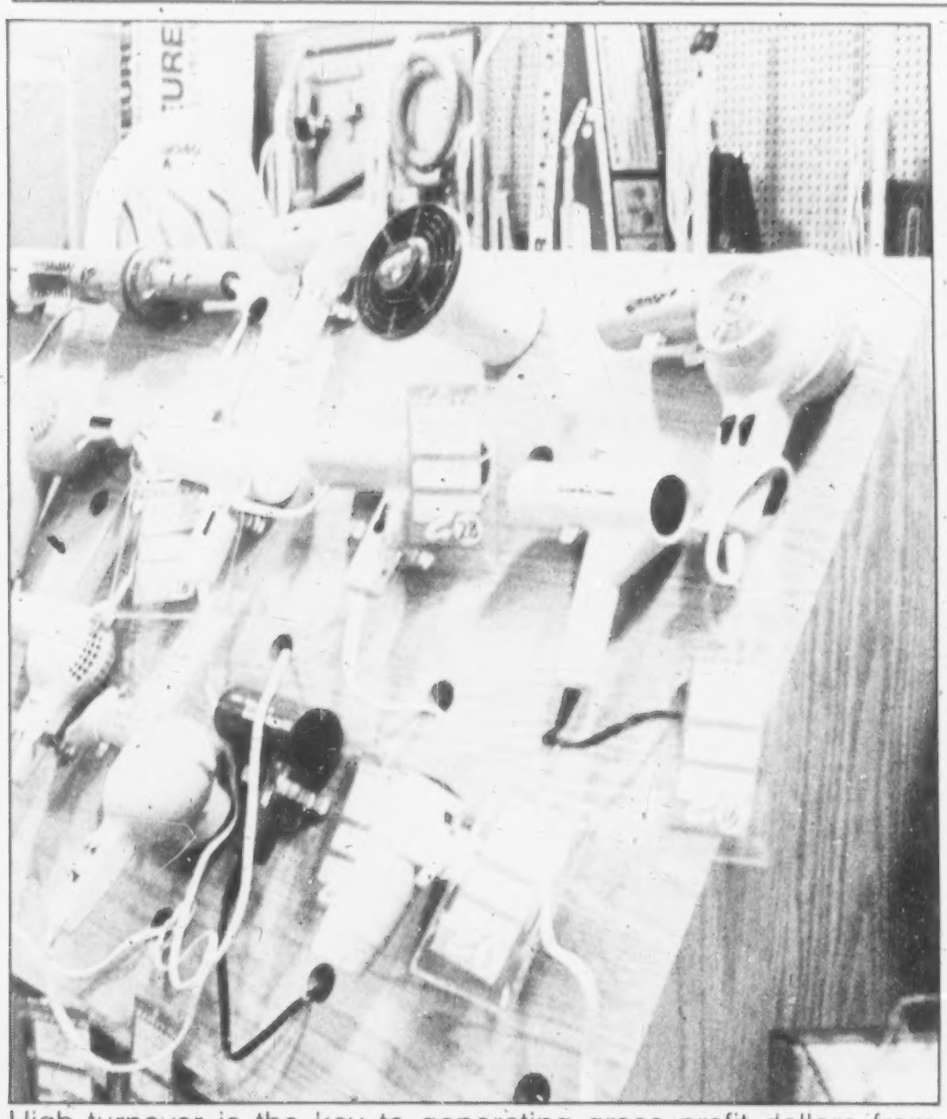
Greater Capacity Per Dollar Than Other Utility Vacs
UL/CSA LISTED

8 Gallon Capacity

Here's the latest in the great line of Shelton quality Jet Vac WET/DRY utility vacs and it's available with enough deluxe accessories to handle the big clean-up jobs and gently handle fine carpets, draperies and upholstery. It combines the precision engineering and performance you've come to expect from Jet Vac with an all-new rugged, non-metallic "Sheltonite" tank that won't rust, scratch, chip or dent.

"Sheltonite" Tank Wo

Housewares Show Section

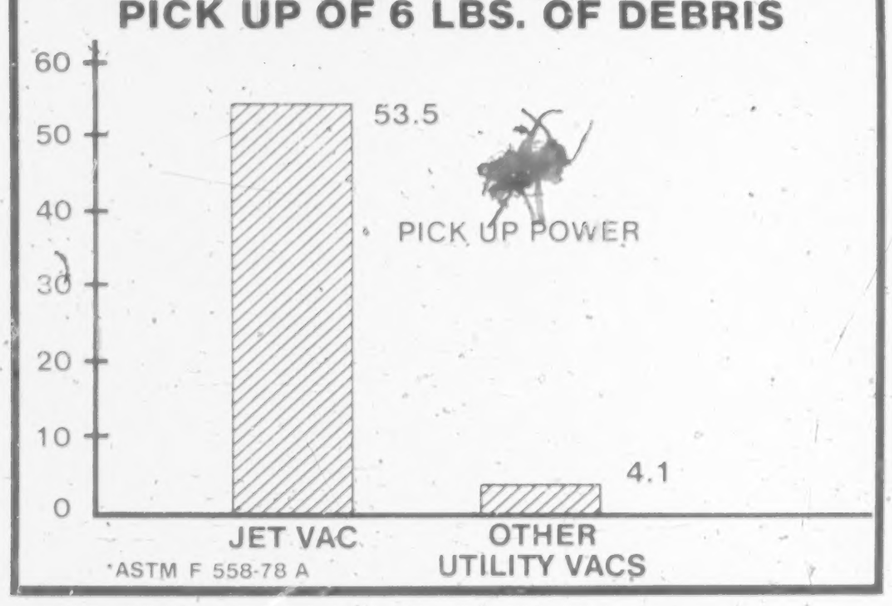


High turnover is the key to generating gross profit dollars from electrics. Zodys, Stockton, Calif., uses an upgraded look for the working samples. *(DSN photo)*

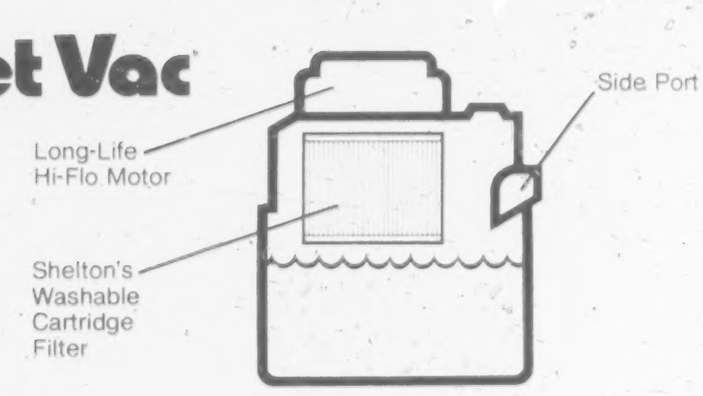
Home furnishings is the housewares area that produces the highest markup and gross margin for discounters. Caldor, Woonsocket, R. I., spotlights dinnerware and pictures. *(DSN photo)*

Jet Vac Best!

AIR POWER* RATINGS AFTER PICK UP OF 6 LBS. OF DEBRIS

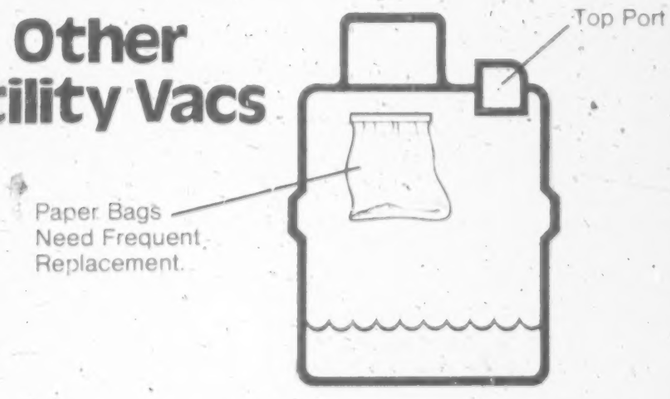


Jet Vac



1. Continuous suction even after picking up 6 lbs. of sawdust and talc.
2. Washable cartridge filter eliminates the need for messy paper bag filters.
3. Powerful, American-made, high-performance motor guarantees long-life.

Other Utility Vacs



1. Suction power loss of 80%-90% after picking up 6 lbs. of sawdust and talc.
2. Paper bag filters that break, need frequent replacing or result in reduced suction power.
3. "Throwaway" motors – non-repairable – used in many other vacs.

*ASTM F55878A Test conducted under load conditions

And it features the exclusive Jet Vac motor and filter system that delivers over 10 times the pick-up power of most other utility vacs. The next time you order, order the vac that consistently outperforms all other utility vacs. Order Jet Vac!
For more information write or call Shelton Products, 1 Maple Street, Shelton, Conn. 06484. (203) 735-1871. SHELTON

n't Rust, Chip or Dent!

Productivity

(Continued from page 52)

much smaller percentages of total sales from housewares, 1.4%, and electrics, 0.9%, but a greater share from home furnishings, 8.2%, due to the inclusion of regular furniture in this category.

Conventional department stores, at the same time, go with much higher markups and obtained greater gross margins from the three categories. In housewares, the NRMA's 1980 "MOR" report has the markup at 44.7%, a 1.6% increase, while the gross margin of 41.9% was a 2.7% increase. In home furnishings, the markup increased 1.7% to 48.1% while the gross margin of 44.6% was an 0.3 percentage point improvement. The electrics markup fell 1.8% to 27.7%, but the gross margin went up 2.5% to 25%.

Sears' 39-Wk. Biz Dips

CHICAGO—Sears, Roebuck reported a 2.7% sales gain for the four weeks ended Nov. 1, 1980, but a 1.7% decline in sales during the 39 weeks ended on that date.

Sales dropped to $12,711,-550,015 from $12,934,123,548 in the 39 weeks. In the four-week period, sales rose to $1,504,-286,440 from $1,465,326,194.

Dental Centers

(Continued from page 52)

market, the study further stated, since approximately 54% of their current patient base comprises people who have not seen a dentist in the last two years.

Retailers, who provide space for dental services, act as landlords and reap the rewards of higher customer traffic and greater sales of prescriptions and over-the-counter dental products.

Operational advantages cited by retail dental center operators include: purchasing discounts (up to 50% based upon group purchases of bulk quantities); reduction or elimination of middlemen fees by having specialists and laboratories on the premises, and reduction of billing expenses resulting from pay-on-the-spot policies.

HOUSEWARES

(Continued from page 57)

COOKWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Ekco 13" oblng cke pn, Baker's Scrt	5,033	3.23	16,256.59
2	1	Ekco 17¼" ckie sht, Baker's Secret	4,180	3.59	15,006.20
3	—	Ekco 15¼" ckie sht, Baker's Secret	4,448	3.23	14,367.04
4	5	Ekco 12-cup mffn pn, Baker's Secret	3,141	3.86	12,124.26
5	4	Ekco 14½" rst pn, Baker's Secret	2,527	4.40	11,118.80
6	—	Ekco 17¼" cookie sheet	4,151	2.15	8,924.65
7	8	Ekco 9¼" loaf pn, Baker's Secret	3,025	2.87	8,681.75
8	—	Ekco 13" oblong pan	3,881	1.88	7,296.28
9	9	Ekco 13¼" ckie sht, Baker's Secret	2,459	2.60	6,393.40
10	—	Ekco 12-cup muffin pan	2,268	2.69	6,100.92
11	—	Mirro 2½-qt tea kettle, gold	893	6.74	6,018.82
12	—	Ekco 8½" loaf pn, Baker's Secret	2,491	2.33	5,804.03
13	10	Mirro 9-cup percolator	785	7.19	5,644.15
14	—	Mirro 2½-qt tea perculator	834	6.74	5,621.16
15	—	Nordic Ware 12-cup bundt pan, gold	757	7.19	5,442.83
16	—	Ekco 10¾" bsct brwn pn, Baker's Scrt	2,065	2.60	5,369.00
17	—	Ekco 8" round cke pn, Baker's Secret	2,559	2.06	5,271.54
18	—	Ekco 8" squre cke pn, Baker's Secret	1,760	2.87	5,051.28
19	—	Ekco 15¼" cookie sheet	2,449	2.06	5,044.94
20	—	Ekco Pizza pan, Baker's Secret	1,561	3.23	5,042.23

CLEANING CHEMICALS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	3M 16-oz Scotch Guard	2,931	4.94	14,479.14
2	8	Texize 64-oz Fantastic refill	2,732	3.50	9,562.00
3	4	Johnson 14-oz Pledge, lemon	3,228	2.87	9,264.36
4	1	White Labs 160-oz x-14 midw rmvr	2,732	3.14	8,578.48
5	—	Johnson 14-oz Pledge	2,405	2.87	6,902.35
6	—	Scotts Liquid Gold 14-oz arsl	1,920	3.59	6,892.80
7	5	Drackett 26-oz Drano	1,956	3.14	6,141.84
8	6	Johnson 27-oz Future	1,620	3.77	6,107.40
9	—	Glamorene 24-oz Spray 'N Vac	1,770	3.41	6,035.70
10	3	Texize 32-oz Fantastic	2,358	2.51	5,918.58
11	—	Bissell 14-oz arsl uphlstry kt	1,068	5.39	5,756.52
12	—	Drackett 48-oz Vanish	2,652	2.15	5,701.80
13	—	Johnson 24-oz Pledge	1,956	2.87	5,613.72
14	—	Carbona 240-oz vacuum rg clnr	1,827	2.96	5,407.92
15	—	Link Tat ant trap	1,464	3.50	5,124.00
16	—	D-Con 16-oz Ready Mix insct pwdr	2,015	2.51	5,057.65
17	—	Drackett 10-oz Endust	1,752	2.87	5,028.24
18	—	Scotts 16-oz Liquid Gold	1,440	3.41	4,910.40
19	—	Carbona 16-oz vacuum Shmpzr	1,924	2.51	4,829.24
20	—	Amer Cyanamid 28-oz Pine-Sol lqd	1,404	3.41	4,787.64

(Continued on page 60)

When it comes to SilverStone, no one outshines Regal.
Betty Crocker
DU PONT SilverStone
SilverStone has been selling big.
And the future looks even brighter.
68% of the consumer market does not own any cookware with SilverStone. Which means there's plenty of unfinished business out there.
And when it comes to SilverStone, that's where Regal really shines. 79 of our products are wearing the SilverStone sticker.
It's on our cast aluminum. Our polished aluminum. Our porcelain clad aluminum. Our ovenware. And our electrics.
So if you want to write more SilverStone business, you've got it made. 79 ways by Regal.
Regal
Betty Crocker and kitchen tested Trademarks of General Mills Inc. Regal Ware Inc. Licensee

Discount Store News

PMA

PRODUCT MOVEMENT AUDIT

Fewer Sku's

(Continued from page 57)

new housewares categories as growth areas. Storage goods, already big in conventional department stores, is one area that discounters will be exploring.

One instance of this search for new business showed up on the PMA. A Sprout Farm kit that enabled consumers to raise alfalfa and mung beans sprouts, showed up as No. 1 on the Pyrex chart.

Discounters, in going with tighter assortments, will be narrow and deep in basic housewares, the items that form the heart of the PMA report, while selectively adding step-up goods for plus sales.

Manufacturers indicate they will be following a similar effort: Carrying inventory in depth on the top 10 to 20 selling items and playing by ear the production of the rest of their line.

This manufacturer effort reflects what happened in 1980, when there was an inventory build-up in the first quarter of the year and then a cutback due to the economy. The upsurge in sales in the last quarter resulted in a number of manufacturers—and retailers—losing sales because of limited stock of the top items.

The tight supply situation means that little merchandise will be available as specials at the housewares shows. It also means that discounters will be taking a hard look at promotion, putting more effort into developing management controls to refine the quantities going to stores to get the 80%-85% sell-out goal of many chains. Look for discounters to

(Continued on page 60)

Profit Sinks 49% At Hartfield-Zodys

LOS ANGELES—Hartfield-Zodys, parent of the Zodys discount chain, reported third-quarter net earnings of $1.8 million—a 48.5% decline from the $3.5 million in earnings posted in the same quarter last year.

Last year's period benefited from extraordinary credits of $1.8 million, or 48¢ per share, which consisted primarily of the tax benefit of prior period carry-forward losses.

Consolidated sales, excluding sales of licensed departments, rose 5% to $90.7 million as compared to $86.1 million during last year's corresponding period.

Heck's Biz Up 13%

CHARLESTON, W. VA.—Heck's posted a 13% gain in sales for the third quarter ended Sept. 30, up to $99 million, from $95.8 million in the corresponding quarter last year.

Net income for the recent quarter advanced 2% to $3.7 million, or 57¢ per share from $3.6 million or 56¢ per share in the third quarter of the previous year.

Maxway, in its first store, in Sandersville, Ga., goes after bulk plastics volume by displaying merchandise along a wall (rear) and on a gondola that includes a riser. *(DSN photo)*

HOUSEWARES

(Continued from page 58)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		BATH			
1	1	Selfix portable shower spray	1,425	8.55	12,183.75
2	2	Magnolia molded toilet seat, white	801	9.89	7,921.89
3	4	Selfix shampoo spray	3,511	1.88	6,600.68
4	5	Ekco toilet tissue holder, chrm	3,312	1.79	5,928.48
5	6	Selfix twin hooks	5,088	1.07	5,444.16
6	3	Ekco 18" towel bar, chrm	2,581	2.06	5,316.86
7	10	Magnolia padded toilet st, white	299	16.64	4,975.36
8	7	Selfix toilet tissue holder	3,490	1.34	4,676.60
9	8	Ekco 12" towel bar, chrm	2,431	1.88	4,570.28
10	9	Ekco 24" towel bar, chrm	1,852	2.42	4,481.84
11	—	Selfix hooks 4-pk	3,549	1.25	4,436.25
12	—	Ekco toilet tissue holder, chrm	2,112	1.97	4,160.64
13	5	Ekco 24" twin towel bar, chrm	1,143	3.50	4,000.50
14	—	Selfix 18" towel bar	2,247	1.70	3,819.90
		PLASTICS			
1	—	Vanderbilt nylon baster	8,285	1.25	10,356.25
2	7	Republic 1-qt uprite Freezette	2,418	2.69	6,504.42
3	6	Republic 1-pt uprite Freezette	2,269	2.69	6,103.61
4	—	Wall nylon baster	4,873	1.25	6,091.25
5	—	Family Prod 2-qt bottle	3,277	1.52	4,981.04
6	1	Lustro Ware 11-qt hvy duty pail, alum	1,710	2.60	4,446.00
7	—	Tucker 22-gal trash can	579	7.55	4,371.45
8	10	Lustro-Ware dust pan	3,367	1.25	4,208.75
9	—	Travco spaghetti server	3,914	1.07	4,187.98
10	—	Republic 1½"-pt uprite Freezette	1,526	2.69	4,104.94
11	—	Eagle 44-oz oblong SuperSeal	2,653	1.52	4,032.56
12	—	Family Prod 1-qt bottle	3,230	1.16	3,746.80
13	—	Eagle 80-oz oblong SuperSeal	1,848	1.97	3,640.56
14	—	Eagle Mickey Mouse orange sipper	4,516	0.80	3,612.80

(Continued on page 62)

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Fewer Sku's

(Continued from page 58)

develop their own promotions, rather than using the offerings of manufacturers that show up in ads from competing chains.

The economy and manufacturer price hikes are the greatest imponderables facing discounters in the first quarter of the year. Housewares merchandisers this year can be expected to budget for increases that reflect inflation plus a real gain in sales, rather than the 1980 situation in which the increases came mainly from inflation.

Discounters, in their efforts to better manage inventories, will be looking for shorter lead times for buying and selecting items for promotions. The shorter time in which inventory dollars are committed means that more merchandise can be carried by fewer dollars and the monies that are expended return more gross profit dollars.

While the economic outlook is uncertain, a number of merchandising trends in housewares are becoming clear. These include:

- Packaging. Plain chipboard packaging, particularly in such areas as bulky bath shop goods, is giving way to full-color litho

(Continued on page 62)

"Don't buy our Al Fresco® wicker because you like it. Buy it because it outsells natural."

When we first introduced our Al Fresco family of colors, we saw a dramatic response almost immediately. In every area and in every size store these new colored products began outselling natural by as much as 3 to 1.

That's why we at Paul Marshall Products have made a commitment to offer the widest variety of colored wicker. We are one of the few companies whose colored lines are hand stained and lacquered here in this country. Giving you better quality. And a more reliable source for the wicker your customers want.

All of our colored lines, Anisette®, Espresso®, Amaretto® and Cappuccino®, are available in individual sets or as part of our Al Fresco® grouping, which contains a mixed selection of some of the more popular items in each color category.

Whichever colors you choose, make sure you choose Paul Marshall Products. For over 20 years, we've been putting together quality merchandise and innovative programs that have been working for retailers all across the country. And that's what makes for profitable sales.

See us at The National Housewares Show, McCormick Place, January 12-15, Booths 1748-50 and 1848-50, and at other major trade shows.

Put Paul Marshall to work for you.

Paul Marshall Products

Gerry Mignacca, President, *Paul Marshall Products*

2131 West Willow Street, Long Beach, CA 90810, (213) 595-1223.

Woolworth Net In 45% Drop

NEW YORK—F. W. Woolworth reported a 45% drop in 1980 third-quarter net income, including the company's equity in the net income of its unconsolidated British subsidiary.

For the 13-week period ended Oct. 31, earnings totaled $24.8 million, or 83¢ per share, compared with $45 million, or $1.50 per share in last year's corresponding period.

Company officials attributed these results to a 78.4% decline in currency translation gains—from $11.6 million or 40¢ per share in the 1979 third quarter to $2.5 million, or 8¢ per share, for this year's comparable period. In addition, last year's third-quarter income included $13.1 million from the reversal of deferred tax provisions in Britain.

Consolidated sales in the 1980 third quarter (excluding Britain), increased 6.9% from the 1979 period's $1.67 billion to $1.78 billion this year. Domestic sales for the period rose 5.3% and foreign sales, expressed in U.S. dollars, rose 9.9%.

Woolworth's British subsidiary reported a sales gain of 6.4% in the third quarter, as expressed in local currency, from 207.3 million pounds sterling in 1979 to 220.6 million pounds sterling this year. During the same period, the company's pretax income remained at the 1979 level of 7.3 million pounds sterling.

Woolworth's equity in the net income of its unconsolidated British subsidiary during the 1980 third quarter totaled $5.9 million, compared with $26.1 million in the corresponding 1979 period.

Discount Store News

PRODUCT MOVEMENT AUDIT

Fewer Sku's

(Continued from page 60)

packages. This manufacturer move will help discounters do a better job in self-service selling as packages themselves serve as salesmen.

- Tabletop. Batik hasn't caught on as an Expressions pattern (and failed to make the PMA chart). Strawberry, the newest Expression design, is No. 8 on the tabletop listing. While it's too early to rate Strawberry, a number of other manufacturers are using Strawberries on their products, so that this fashion has the making of a hot look.
- Bath shop. Bamboo is coming in as a new fashion for discounters. Bamboo is similar to wicker, which is important in the bath shop, and it has already caught on in conventional department stores.
- Plastic goods. Fewer colors will be offered by manufacturers as they cut back on their inventories. The fashion look developed and refined by Ingrid has started to show up among more manufacturers. The net effect of these two trends will help discounters, who will be able to present the newest designs without the need to expand their plastics area real estate.
- Rubbermaid. Yellow will be the new color introduced by manufacturers. To make space, avocado is due to be dropped.
- Brass look. This fashion will be initiated at the housewares show by Corning Glass, which will be showing a number of Pyrex cookware items with brass-plated holders. A number of other manufacturers have expressed interest in the brass look and it could become a major fashion at the July housewares show.
- Glassware. Crystal and double-size barware are the two key trends, with both reflecting the strong upsurge in home entertainment and consumption of beverages. At the same time, there will be fewer patterns offered to discounters and other retailers as the two manufacturers that account for almost the entire market focus on producing and delivering goods—i.e., better managing their inventory.

Pamida OK's Sale

OMAHA—Pamida has signed an agreement for the sale of substantially all of its assets and operations.

The purchaser in the proposed transaction will be a newly organized corporation whose stock will be owned by an Employees' Stock Ownership Trust established for the exclusive benefit of the new corporation's employees.

After the asset sale is completed, Pamida, operator of over 190 discount stores, will make a tender offer to its shareholders for any or all of their shares of the company's stock for $6 a share.

Consummation of the proposed sale transaction remains subject, among other things, to shareholder approval, completion of financing arrangements, etc.

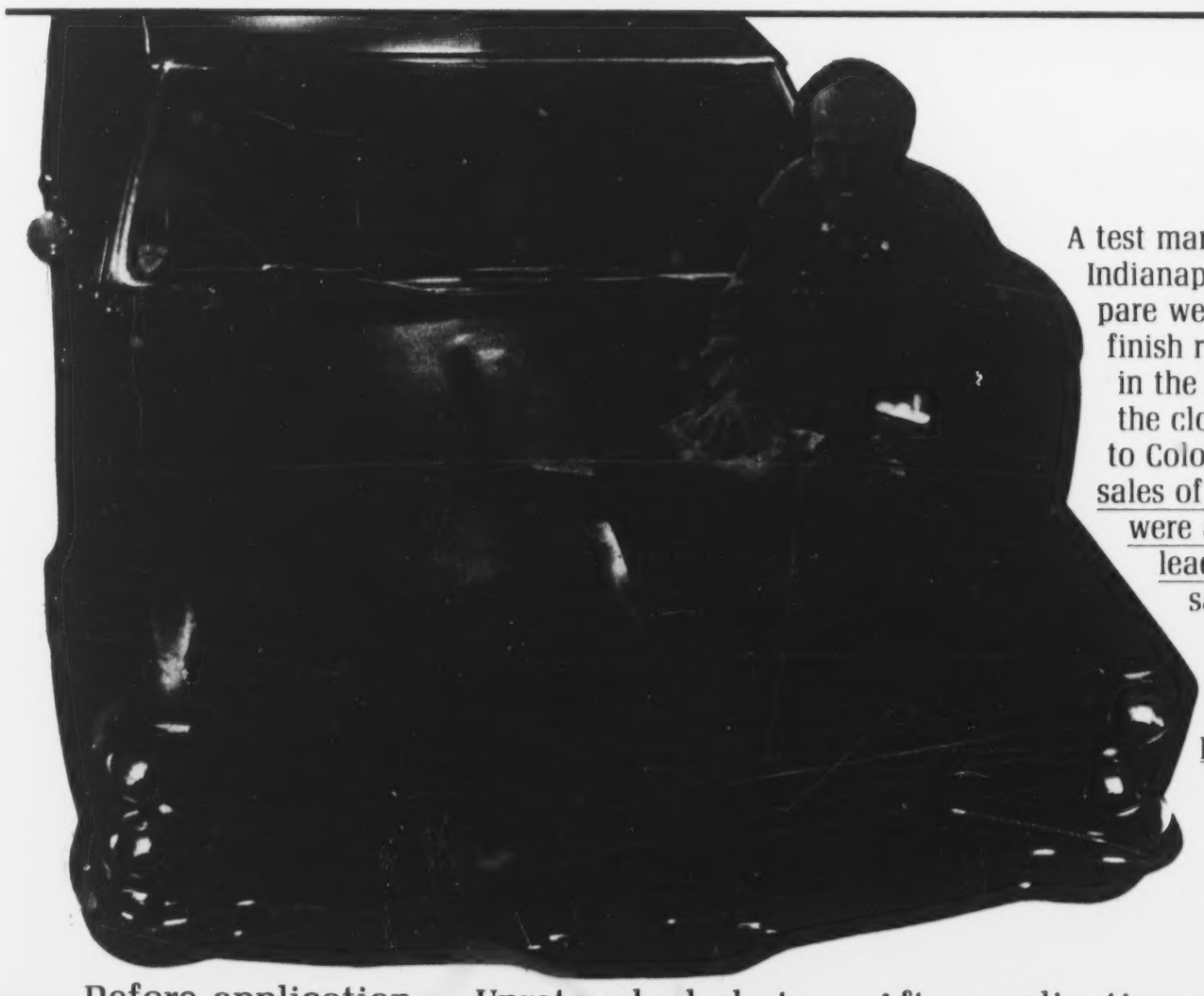
HOUSEWARES

(Continued from page 60)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
GADGETS					
1	1	Swing-A-Way portable hand can opnr ..	4,245	3.86	16,385.70
2	3	Ekco can opener w/bottle opener	13,024	0.89	11,591.36
3	2	Rhodes timer, white	1,625	6.65	10,806.25
4	4	Ekco 3-way can opener	6,738	1.34	9,028.92
5	6	Rhodes timer, gold	1,275	6.65	8,478.75
6	—	Foley 2-qt food mill	738	9.89	7,298.82
7	—	Chaney meat thermometer	3,638	1.97	7,166.86
8	8	Ekco peeler	11,331	0.62	7,025.22
9	5	Ekco can opener, plastic handle	3,253	2.06	6,701.18
10	7	Ekco 2⅛" barrel rolling pin	1,825	3.59	6,551.75
11	—	Comware 3-pc wood spoon set	5,356	1.16	6,212.96
12	—	Ekco 8-wing egg beater	1,612	3.59	5,787.08
13	10	Taylor hang/stand oven thermometer ...	2,218	2.51	5,567.18
14	—	Swing-A-Way wall can opnr, bdgt mdl ...	1,434	3.86	5,535.24
15	—	Bonny hand can opener	1,490	3.41	5,080.90
16	—	Ekco peeler, stainless	3,991	1.25	4,988.75
RUBBERMAID					
1	—	Bath mat, chocolate	4,337	2.69	11,666.53
2	3	10 ¾" high rect Lndry bskt, choc	2,265	4.94	11,189.10
3	—	Bath mat, white	4,002	2.69	10,765.38
4	6	10 ¾" Drainer tray, gld	2,155	4.94	10,645.70
5	—	Self-closing wastebasket, choc	1,451	7.19	10,432.69
6	4	10 ¾"-high rect Lndry bskt, gld	1,956	4.94	9,662.64
7	—	11½" dp sq Dishpan, choc	3,518	2.69	9,463.42
8	—	5¼"-deep Dishpan, gold	3,429	2.69	9,224.01
9	5	Delux dish drainer, chocolate	1;639	5.35	8,768.65
10	—	11½"-dp sq Dishpan, almond	3,252	2.69	8,764.02
11	—	Bath mat, light blue	3,157	2.69	8,492.33
12	—	Bath mat, gold	2,874	2.69	7,731.06
13	—	Delux dish drainer, almond	1,424	5.35	7,618.40
14	—	Twin sink dish drainer, almond	1,685	4.49	7,565.65
15	1	20-gal refuse container	598	12.59	7,528.82
16	9	Delux dish drainer, gold	1.407	5.35	7,527.45

Household and kitchen gadgets get this wall display in the El Monte, Calif., Zodys. Plastics and disposables flank the display to give the store a solid wall of fast turns. *(DSN photo)*

Color Back™ proven a test



A test market was conducted in Indianapolis and San Diego to compare weekly sales of Color Back finish restorer versus products in the wax and sealant categories, the closest comparable categories to Color Back finish restorer. Unit sales of Color Back finish restorer were audited at twice that of the leading wax* With this kind of sales performance, and with its high profitability, Color Back finish restorer is certainly the "must stock" product of the year!

Before application Unretouched photo After application

HOUSEWARES

These housewares figures, for the Sept. 1-Nov. 20 period, were supplied by Bacar Inc., distributors, San Jose, Calif., and cover 1,300 stores, including 200 discount department stores. Average retail prices listed by Bacar reflect typical price points for discount clients.

COOKWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	T-Fal 7" skillet	10,027	7.18	71,993.86
2	—	Revere 3-pc set, bwls w rings	2,587	18.90	48,894.30
3	—	Granitware 18" oval roaster	4,128	11.65	48,091.20
4	2	Wear-Ever 10" fry pn, prfrrd, SlvrStn	4,101	9.89	40,558.89
5	7	Nordic microwave bcn meat rck	4,820	7.19	34,655.80
6	—	Wear-Ever 10" ch pn, Bty, SlStn, Al	3,038	11.15	33,873.70
7	—	Supreme 2½-qt tea kettle	4,672	6.74	31,489.28
8	—	Wear-Ever 10" chf pn, Bt, SlSt, Hrv	2,784	11.15	31,041.60
9	8	Anchor Hocking microwave bcn rck	5,021	6.02	30,226.42
10	10	Nordic 12-pc frmd bundt pan set	4,362	6.74	29,399.88
11	5	Nordic Micro-Go-Round	641	44.99	28,838.59
12	—	Melitta 10-cup drip cffeemkr	3,704	7.19	26,631.76
13	—	Wear-Ever 8" chf pn, Prfrd, SlStn	2,968	7.64	22,675.52
14	—	Wear-Ever 8" chf pn, Bt, SlStn, Al	2,568	8.72	22,392.96
15	—	Revere 6-cup copper tea kttl	1,702	12.59	21,428.18

GADGETS

1	—	Ekco 7-pc set Almond Garden	1,302	16.65	21,678.30
2	1	Lux timer, minute minder	2,681	6.28	16,836.68
3	—	Foley nylon baster	12,475	1.25	15,593.75
4	—	Grayline 4-loop plate rack	5,873	2.15	12,626.95
5	—	E-Z Foil oven liner	5,843	1.88	10,984.84
6	—	Grayline spice rack	5,196	2.06	10,703.76
7	—	Range Kleen 8" GE range pan	5,686	1.80	10,234.80
8	9	Range Kleen 6" rflct pn, GE	7,101	1.35	9,586.35
9	3	Swing-A-Way hnd cn opnr, Hrvst	2,484	3.77	9,364.68
10	4	Swing-A-Way hnd cn opnr, choco	2,459	3.77	9,270.43
11	—	E-Z Foil electric burner bib	4,812	1.88	9,046.56
12	—	Grayline small shelf	3,918	2.24	8,776.32
13	—	Chaney fry-jelly-candy thrmom	4,769	1.70	8,107.30
14	—	Chaney meat thermometer	4,608	1.70	7,833.60
15	—	Range Kleen 6" rflctr pn	5,652	1.35	7,630.20

BATH SHOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Grayline large shower caddy	8,002	4.85	38,809.70
2	3	Selfix shampoo spray	5,609	1.88	10,544.92
3	2	Grayline shower caddy	2,580	2.96	7,636.80
4	10	3-M toilet bowl brush	1,776	2.60	4,617.60
5	7	Kellogg bowl brush, plastic	4,428	0.98	4,339.44
6	9	Selfix port wall hand shower	329	8.54	2,809.66
7	6	Borg scale Futura white	185	13.94	2,578.90
8	12	Borg scale Futura gold	155	13.94	2,160.70
9	8	Borg scale Futura brown	155	13.94	2,160.70
10	—	Ekco 18" towel bar, chrome	840	2.15	1,806.00
11	—	Ekco die cast 24" towel bar	330	4.85	1,600.50
12	—	Borg scale, Williamsburg brown	84	18.89	1,586.76
13	—	Selfix gripper soap holder	1,434	1.07	1,534.38
14	15	Borg scale, Feminique brown	66	22.49	1,484.34
15	—	US household appliques, frogs	708	2.06	1,458.48

RUBBERMAID

1	—	Roughneck 30-gal can, choc	631	22.45	14,165.95
2	—	Clean-up caddy, almond	2,742	4.48	12,284.16
3	12	12" Slide-out drawer, almond	1,368	8.05	11,012.40
4	—	Ironing organizer, almond	2,383	4.48	10,675.84
5	14	16" Slide-out drawer, almond	1,146	8.95	10,256.70
6	10	Twin turntable, almond	2,845	3.58	10,185.10
7	2	32-gal Trash can, chocolate	450	22.45	10,102.50
8	—	Small laundry basket, gold	12,549	0.80	10,039.20
9	5	10¾"-hi Rectangle lndr bskt, choc	1,926	4.94	9,514.44
10	—	Wrap & Bag organizer, almond	2,088	4.48	9,354.24
11	3	32-gal trash can, avocado	414	22.45	9,294.30
12	—	Storage turntable, almond	1,482	6.25	9,262.50
13	15	Deluxe dish drainer, almond	1,663	5.35	8,897.05
14	—	Broom & mop holder, almond	1,980	4.48	8,870.40

(Continued on page 69)

Put Dick Van Patten out on your floor...

He promises you more traffic, and increased sales of Acrylic caulk.

Why? Because the star of ABC-TV's "Eight is Enough" is the homeowner with whom other homeowners can easily identify. And *all* homeowners want to save energy this fall. That's why the season's most timely in-store promotion is Dick Van Patten's "Acrylic Caulk Energy-Stakes."

The "Acrylic Caulk Energy-Stakes" gives your customers a chance to win an energy-efficient Chevrolet Citation, or one of 1,000 other useful, energy-related prizes.

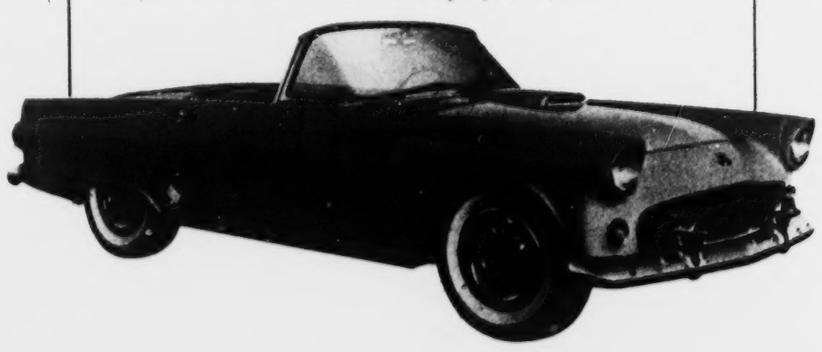
This chance for *you* to increase traffic — and sales of Acrylic caulk — is sponsored by the nation's leading manufacturer of acrylic resins, the Rohm and Haas Company of Philadelphia and your participating caulk manufacturer. To guarantee that Dick Van Patten's out on *your* floor when his "Acrylic Caulk Energy-Stakes" opens February 1, call your participating caulk manufacturer, or distributor. Or dial:

800-526-7843 Ext. 250.

(In New Jersey, call 800-522-4503, Ext. 250).

...and you can win this automotive classic!

Some lucky retailer is going to own this full-size, authorized Shay Reproduction™ 1955 Thunderbird. To make sure you're eligible, call today for your "Acrylic Caulk Energy-Stakes" promotion kit. The entry blank is inside the carton. All entries must be postmarked by April 15, 1981, and received by April 30, 1981.



Discount Store News

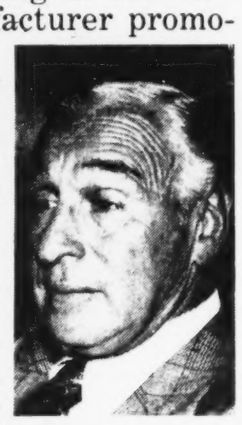
PMA®

PRODUCT MOVEMENT AUDIT

Mfrs. Widen Promos and Price Hikes

By Jerry Falk
Executive Vice President, Bacar Inc., Distributors

Discounters and other retailers will be tieing in with expanded manufacturer promotional activities during the first quarter and will be heavily advertising housewares to draw shoppers.



This will be a continuation of what happened during the second half and last quarter of 1980, when there was increased retailer promotion of housewares. Obviously, chains found that housewares advertising brought shoppers into the stores because of heightened consumer interest in home-oriented products.

Corning Glass and Rubbermaid have already announced extensive promotional programs for this year and other manufacturers will be detailing plans at the housewares show. These efforts can be expected to center on the strong-selling basics that have been appearing on the Product Movement Audits and which retailers and manufacturers know appeal to shoppers.

Manufacturer promotional programs aren't the only things discounters will be seeing and discussing at the housewares show.

The major economic news at the show will be a flood tide of price increases from virtually every housewares manufacturers. The increases are a fair in-

(Continued on page 69)

Vornado's Quarter: $6.1 Million Loss

GARFIELD, N.J.—Vornado, parent company of Two Guys Stores, posted a net loss after taxes for the third quarter ended Oct. 25 totaling $6.1 million, or $1.15 per share, compared with a net loss after taxes of $6.2 million or $1.17 per share for the corresponding period last year.

Net sales for the third quarter dropped 16.8% to $405.7 million including leased department sales of $17.4 million, as compared to the previous year's quarterly net sales of $487.6 million including leased department sales of $19.9 million.

Rose's Net Slides 13% in 3rd Qtr.

HENDERSON, N.C.—Rose's Stores' third-quarter net earnings, compared to last year's, slid 13% to $1.4 million on sales of $122.6 million.

Sales were 3.5% higher than last year's third-quarter results of $118.4 million.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Price Hikes

(Continued from page 64)

dication that there doesn't appear to be any letup in inflation, at least for the first quarter.

A side effect of this is the virtual elimination of list prices. Corning Glass, Ekco and Imperial Knife are among the manufacturers that have eliminated list prices and others followed, or undoubtedly will be following, suit in an attempt to gain pricing flexibility to meet changing costs.

By the same token, price points have lost their meaning and housewares are now being promoted in a wide range of prices, rather than at such key tags as under $10 or under $20.

The first quarter's economic uncertainty—including the continued upward movement of the cost of money—means that discounters and other retailers will be zeroing in on turns as the route to profits. This means going with less inventory and a tighter assortment, and relying on rapid replenishment to maximize sales.

While the heavy emphasis on turns means that staple items will be more important than ever, it doesn't mean that discounters can't search out new items to capture plus and/or step-up sales.

The indices to watch at the housewares show for potentially plus housewares business include the plastics area, where high-tech fashion colors are due to be featured by all manufacturers; storage, which has become a growth area and where a wide range of products will be presented in plastic, glass and metal; cookware, with particular emphasis on sets with nonstick finishes priced for use as promotions; and glassware, where the strong demand for sets will result in increased offerings of sets of 24 pieces and other counts.

A number of these trends showed up on the PMA reported for the holiday period. In Pyrex, for example, the Sprout Farm kit was the No. 1 item, reflecting the newness (and practical use) of the product and extensive manufacturer promotion, including TV, in West Coast markets.

In glassware, 10 24-pc. sets, one 26-pc. set and one 12-pc. set showed up on the report, denoting both the consumer interest in sets and manufacturer efforts to make this merchandise more salable with attractive lithographed labeling.

The dozen sets include one

(Continued on page 72)

Toys 'R' Us Net Sinks

ROCHELLE PARK, N.J.—Toys "R" Us reported a 30.3% net sales gain for its third quarter ended Nov. 2, from $78.3 million last year to $101.9 million this year.

Net income fell 94% to $44,000 compared to $725,000 or 4¢ per share for the same quarter during the previous year. The results reflect a LIFO charge of 3¢ per share, compared to a LIFO charge of 1¢ per share in the third quarter of last year.

HOUSEWARES

(Continued from page 64)

TABLETOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Expressions 20-pc st, Wldflwr	2,639	63.09	166,494.51
2	5	Expressions 20-pc st, Mdw	1,479	63.09	93,310.11
3	6	Expressions 20-pc st, Indn Smmr	1,442	63.09	90,975.78
4	7	Corelle 20-pc st, gld	1,827	38.28	69,937.56
5	3	Corelle 20-pc set, white	1,700	36.36	61,812.00
6	8	Corelle 20-pc set, green	1,613	38.28	61,745.64
7	—	Expressions 20-pc set, Strwbrry	947	63.09	59,746.23
8	2	Corelle 20-pc set, Wdlnd	1,553	38.28	59,448.84
9	9	Expressions 20-pc set, Batik	715	63.09	45,109.35
10	4	Corelle 20-pc set, blue	1,033	38.28	39,543.24
11	—	Dimension IV 16-pc st, Cin	693	35.58	24,656.94
12	—	Dimension IV 16-pc set, Almond	491	35.58	17,469.78
13	—	Dimension IV 16-pc set, Citrus	324	35.58	11,527.92
14	—	Royal China 40-pc set, Wvrly	136	71.55	9,730.80
15	—	Royal China 40-pc set, Sunset	134	71.55	9,587.78
16	—	Pyrex 1-qt wn decanter	1,296	7.20	9,331.20

GLASSWARE

1	—	Anchor Hocking 24-pc set, Nwprt Gld	1,850	17.91	33,133.50
2	6	Libbey, 24-pc set, Chivalry	1,330	23.40	31,122.00
3	2	Libbey 6½-oz tall wine, Cttn	4,906	5.94	29,141.64
4	—	Anchor Hocking 24-pc st, Nwprt Crstl	1,509	17.91	27,026.19
5	4	Libbey, 10-oz goblet, Cttn	3,680	5.94	21,859.20
6	5	Libbey 6½-oz red wine, Cttn	3,556	5.94	21,122.64
7	8	Libbey, 11-oz whi wn, Cttn	3,247	6.03	19,579.41
8	—	Libbey 12-oz red wn, Cttn	2,828	6.03	17,052.84
9	—	Anchor Hocking 24-pc set, Shrwd Brwn	1,240	13.05	16,182.00
10	—	Libbey 7-oz Margarita glass	9,801	1.62	15,877.62
11	11	Libbey, 6½-oz sherbet, Cttn	2,280	5.94	13,543.20
12	3	Libbey, 24-pc set, Twny Trpcl	521	25.20	13,129.20
13	—	Durand 24-pc set, Lancer	629	20.25	12,737.25
14	—	Anchor Hocking 14" srvng plttr, Wxfrd	2,281	5.58	12,727.98
15	—	Jeannette 26-pc punch bwl st	951	12.60	11,982.60
16	—	Anchor Hocking 24-pc st, Shrwd Crstl	876	13.05	11,431.80

PLASTICS

1	1	Loma 32-gal garbage can, avoc	4,039	12.59	50,851.01
2	—	Tucker 30-gal garbage can	1,452	11.68	16,959.36
3	3	Republic 1-qt uprt Frztt st	2,832	2.69	7,618.08
4	—	Spray bottle 1-qt	4,367	1.70	7,423.90
5	13	Republic 1½-pt uprt Frztt	2,556	2.69	6,875.64
6	—	Republic 2½-pt flt Frztt	4,361	1.52	6,628.72
7	—	Republic 2-qt Frztt refrig bttl	4,578	1.43	6,546.54
8	—	Republic uprite ½-gal Frztt	4,036	1.61	6,497.96
9	3	Republic 1-qt uprt Frztt st	2,201	2.69	5,920.69
10	—	Lustro 48-oz decanter	3,205	1.61	5,160.05
11	—	Republic 1½-liter Frztt II rnd jr	3,060	1.61	4,926.60
12	—	Republic 6½-qt flt Frztt	684	6.74	4,610.16
13	—	Arrow 16-oz Rainbow tumbler	7,200	0.62	4,464.00
14	—	Republic 12-oz uprite Frzzt	1,572	2.69	4,228.68
15	—	Republic 600ml jar, smoke	2,763	1.52	4,199.76
16	—	Frigidaire ice cube tray	2,244	1.79	4,016.76

CLEANING/CHEMICALS

1	1	Roll-o-Matic sponge mop	4,006	10.40	41,662.40
2	3	O-Cedar angler broom	5,298	6.13	32,476.74
3	4	O-Cedar Light & Easy spng mp	3,635	6.13	22,282.55
4	—	Mop-A-Matic II sponge mop	2,424	8.09	19,610.16
5	5	Mop-A-Matic sponge mop	1,728	10.26	17,729.28
6	11	Roll-O-Matic refill sponge	3,612	3.76	13,581.12
7	12	Quickie automatic sponge mop	1,902	6.56	12,477.12
8	2	National corn broom, economy	2,868	3.86	11,070.48
9	—	O-Cedar power strip spng mp	1,050	8.10	8,505.00
10	8	Magla latex gloves, medium	7,080	1.16	8,212.80
11	—	Kellogg angle broom	2,045	3.86	7,893.70
12	—	Gem rayon wet mop w/scrub	1,781	3.77	6,714.37
13	—	National Corn broom, thrifty	1,284	5.12	6,574.08
14	—	Gem deluxe sponge mop w/scrub	1,019	6.29	6,409.51

(Continued on page 72)

Our new fitness line has an exciting selling hook.

And a powerful upper-cut, and a quick jab and...

Yes, it's Sugar Ray Leonard, the newest member on the Franklin sales team. And he's going to add real punch to our new physical fitness equipment line.

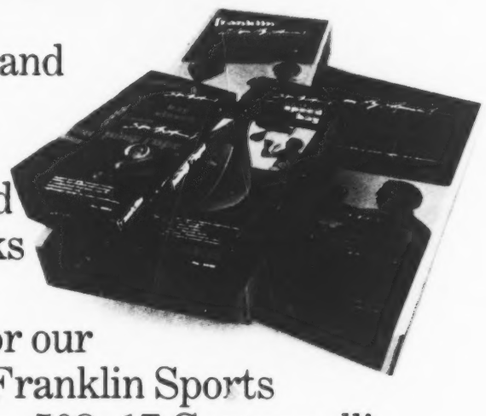
Just look at that packaging — bold, eye-catching. With Sugar Ray's name on these products and his picture on the boxes we'll have customers dropping to the canvas. And you'll take advantage of the incredible opportunities today's fitness market offers.

To start with, all the products in this line feature the best in materials and craftsmanship. From design to cosmetics to finish, each item says quality.

As for innovations, the new Sugar Ray Leonard physical fitness line has all the landmark design features that you'd expect from an industry leader like Franklin. Take, for instance, our exclusive, new Tarkotex rip-stop nylon coated punching bag material. It's as tough as the guy whose name is on the bag.

The Sugar Ray Leonard physical fitness line includes speed bags, training bags, boxing gloves, striking bag mitts, jump ropes, swivels and complete physical fitness sets.

And for a dramatic P.O.P. display, we offer the Sugar Ray Leonard Fitness Center, shown here. It's rugged, it's compact (only 4 linear feet) and it's easy to set up.



The new Sugar Ray Leonard fitness line. It packs a knockout punch.

Write today for our complete catalog: Franklin Sports Industries, Inc. Box 508, 17 Campanelli Parkway, Stoughton, Massachusetts 02072. Or call toll-free 800-225-8647. West Coast Distribution Center: 2280 Meyers Avenue, Escondido, California 92024. Or call (714) 743-7074.

Franklin

1980 SILVARD Award Winner

Corning Ware is so well known that Richway, Athens, Ga., just mass displays the litho four-color packages of individual cookware and sets, saving valuable shelf space. *(DSN photo)*

HOUSEWARES

(Continued from page 69)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CORNING WARE					
1	1	Microwave browning grill	1,635	22.59	36,934.65
2	7	Kitchen Starter set, Wildflower	714	39.87	28,467.18
3	—	Kitchen Starter set, Spice	531	39.87	21,170.97
4	—	Menu-ette set, Spice	726	24.28	17,627.28
5	14	2½-qt casserole, Spice	869	17.74	15,416.06
6	—	2-qt Saucepan, Spice	936	15.31	14,330.16
7	13	Cook's Choice set, Wildflower	241	56.39	13,589.99
8	—	Menu-ette set, Wildflower	555	24.28	13,475.40
9	—	6-cup Teapot, Spice	841	15.60	13,119.60
10	6	Grab-4-It set	712	18.21	12,965.52
11	15	2½-qt Ovl casserole w/cov, Frnch Whi	787	16.42	12,922.54
12	—	2½-qt Oval casserole, French White	925	13.06	12,080.50
13	11	6-cup Teapot, Wildflower	767	15.60	11,965.20
14	—	3-pc French White set	365	31.59	11,530.35
15	9	Microwave set	287	39.87	11,442.69
16	—	3-qt Saucepan, Spice	574	19.30	11,078.20
PYREX					
1	—	Sprout Farm kit	6,164	9.61	59,236.04
2	1	3-qt oblong Bake dish	10,835	4.55	49,299.25
3	—	6-cup Percolator	2,030	12.15	24,664.50
4	2	2-qt oblong Bake dish	4,904	4.09	20,057.36
5	9	1-pt Liquid measure	9,932	1.80	17,877.60
6	4	3-qt Utility dish w/basket	1,296	12.94	16,770.24
7	—	3-pc Casserole set, Autumn Harvester	1,147	14.53	16,665.91
8	—	4-pc Bowl set, Autumn Harvester	1,068	13.09	13,980.12
9	—	2-qt square Cake dish	3,882	3.47	13,470.54
10	7	6-oz Custard cup, 4-pk	4,578	2.72	12,452.16
11	—	2-qt Utility casserole w/basket	831	12.94	10,753.14
12	—	10-oz Deep pie dish	2,874	3.65	10,490.10
13	—	3-pc Mix bowl set	1,708	5.94	10,145.52
14	10	1-qt Liquid measure	4,342	2.28	9,899.76
15	—	2-qt Utility casserole	1,788	4.55	8,135.40
16	—	9" Pie plate	5,112	1.56	7,974.72

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Price Hikes

(Continued from page 69)

from Durand; discounters and other retailers are looking to increase their vendors, and foreign glassware producers are one source, particularly those that warehouse goods in the United States.

Microwave cookware has become another growth area on the West Coast, aided by the large sales of microwave ovens as Christmas purchases.

This cookware shows up in the PMA cookware and Corning Ware charts. On the former, three microwave items showed up, while on the latter, two products specifically designated for microwaves showed up, including a browning grill as the No. 1 item. (Of course, all Corning Ware and glass cookware can be used in Microwave ovens, and manufacturers of such cookware label the goods with this information.)

The interest in multicount sets as a way to save money was also seen in gadgets, where a 7-pc. kitchen tool set from Ekco was new to the report and also the top item. The set was in almond, the color that appeared on the majority of the Rubbermaid items and also showed up in the bath shop.

Almond appeared on 11 Rubbermaid products, followed by chocolate on six and gold on two. One avocado item also made the report, but this shade is due to be phased out by the manufacturer.

Tabletop is another area where selective addition of new items can result in added sales. Corning Glass' Dimension IV line is an example of this, with the three different patterns capturing the Nos. 11, 12 and 13 places. The best-selling color seems to be cinnamon, not only on the West Coast but also in other sections of the country, followed by almond.

The other interest in tabletop is the performance of the Batik pattern and the new Strawberry Sunday design. The report indicated that Batik is the weakest Expressions design now that Blue Heather has been dropped. Strawberry's unit movement was ahead of Batik but was the lowest of all the Expressions and Corelle items in unit sales, so that the jury is still out on this design.

Murphy's Income Down 8% in Qtr.

McKEESPORT, Pa.—G. C. Murphy reported third-quarter sales of $193 million, an 11.8% increase over last year's quarterly sales of $173 million.

Net income for the period fell 8% to $2.4 million, or 60¢ per share, compared to earnings of $2.6 million, or 67¢ per share for the same period a year earlier.

The decline in net income reflects a shift to LIFO inventory valuation methods which the company adopted in 1979. In the first 39 weeks of the current fiscal year, LIFO accounting reduced net income by $2.9 million, or 74¢ per share.

GOOD RIDDANCE FOR RODENTS:
GOOD PROFITS FOR YOU!

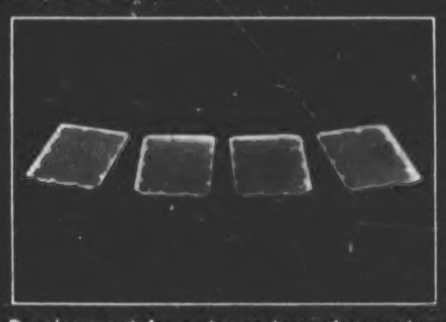
The STICK-EM™ economy 4-pack is attractively packaged to capture customer attention. Ideal for use in all areas of the home, the 4-pack is the perfect way to discover the convenience and the effectiveness of glue traps.

Industry-proven STICK-EM™ Glue Traps are a major advance in rodent control. With no springs or snaps or poisons, STICK-EM™ Traps are safer, cleaner, easier to use and more effective. In your store, they will sell better, too.

The STICK-EM™ Traps are made of a tenacious, non-drying, non-poisonous, adhesive that when placed along the wall, traps the mice as they travel.

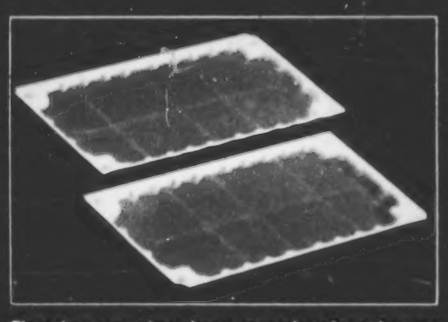
The colorful STICK-EM™ SAFE-TEE™ Glue Trap package, features a "funnel" design for "out of sight" trapping that makes your customer want to try it . . . and then return to re-buy it.

Where large rodents are a problem, STICK-EM™ Glue Traps for Rats and Mice are the perfect solution. These large-size Glue Traps can catch one rat or many mice . . . and make disposal quick and simple.



Packaged four to a box for extra value.

The SAFE-TEE™, two to a box.



The large-size two-pack glue traps.

Order your supply of STICK-EM™ Traps from your wholesaler today or write for further information. CASH-IN on the demand for the safer, non-poisonous, way to trap rodents . . . the catchword is STICK-EM™!

Manufactured by

J. T. EATON & CO., INC.,
1393 HIGHLAND RD., TWINSBURG (CLEVELAND), OHIO 44087
PHONE: (800) 321-3421, In Ohio (216) 425-7801

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Patent Pending

Discount Store News

PRODUCT MOVEMENT AUDIT

Electrics Rebates Multiply

By Howard Bobroff
President,
Myron Nickman Distributors

Rebates for small appliances will flood discounter advertising this year as chains latch on to the growing number of rebates that more and more manufacturers will be offering this year.

The tide will break at the housewares show, with such manufacturers as Hamilton Beach and Clairol set to detail expanded rebate programs. In past years, most manufacturers have offered rebates on a few items; the trend this year shapes up as offering rebates across-the-board.

While there are many logistical problems for discounters and other retailers in handling rebates, the good news is that the boosted sales of rebated items—especially when featured in ads—are plus business, with nonrebated items maintaining previous volume levels.

The augmented manufacturer rebate programs will be making news at the housewares show at the same time as key items such as hot air popcorn makers are reduced in price for first-half promotions.

Related Move

What's happening is that manufacturers are aiding retailers in the latter's efforts to hit key price points on ads by reducing the wholesale cost of the best-selling items that draw shoppers.

The price cuts for hot air popcorn makers are designed to enable discounters and other retailers hit $19.99 as the promotional price in ads.

Drip coffeemakers are another key kitchen electric that will be subject to selective price cuts for the first quarter. But in this category, the $19.99 promotional price will result from the lower wholesale cost plus the inclusion of the rebate offer so that the final price to the consumer can be under $20.

High Volume

The reason these two small appliances are being singled out is evident from the Product Movement Audit.

Drip coffeemakers were the No. 1 kitchen electric both in terms of unit movement and total dollar movement, while the two hot air popcorn makers that captured the Nos. 1 and 2 spots in the specialty electrics listing accounted for the third highest number of units moved and the second highest total dollar movement.

(Continued on page 88)

ELECTRICS

These electric housewares figures, for Sept. 15-Nov. 8, were supplied by Myron Nickman, a division of Cook United, Maple Heights, Ohio, and cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount clients.

STYLER/DRYERS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3	Conair 1000W Pro Dryer	2,039	13.85	28,240.15
2	16	Gillette 1300W Supermax Pro	825	18.15	14,973.75
3	4	Gillette 1000W Supermax 2	676	20.14	13,614.64
4	13	Conair 1200W Pistol Power	974	12.40	12,077.60
5	2	Conair 1250W Vagabond	637	16.63	10,593.31
6	7	Norelco 1000W Gotcha Gun	695	11.71	8,138.45
7	10	Gillette 1200W Supermax	347	22.83	7,922.01
8	1	Northern 100W	584	12.58	7,346.72
9	8	Northern 1200W	633	10.86	6,874.38
10	6	Windmere 1250W Boss	482	13.15	6,338.30
11	5	Northern 1200W compact	679	8.98	6,097.42
12	9	Northern 1200W folding mini dryer	563	10.35	5,827.05
13	12	Conair 1200W Pro Styler w/brush	228	22.59	5,150.52
14	—	Norelco 1200W Gotcha Gun	265	14.31	3,792.15
15	—	Clairol 1200W Son of a Gun	72	20.84	1,500.48
		TOTALS	9,699		138,486.93

CURLING WANDS

1	2	Clairol Crazy Brush	1,839	14.78	27,180.42
2	3	Gillette Body & Curl	1,808	14.76	26,686.08
3	7	Clairol Crazy Curl	1,828	12.09	22,100.52
4	—	Conair Curling Brush	2,285	8.73	19,948.05
5	4	Northern Pro Styling Brush	1,745	6.86	11,970.70
6	1	Norelco Wave Maker	625	11.72	7,325.00
7	5	Norelco Curl Q	695	10.40	7,228.00
8	—	Conair Curls 'N Curls	360	19.13	6,886.80
9	—	Gillette Super Curl	633	10.73	6,792.09
10	8	Windmere Pretty Curl	871	5.58	4,860.18
11	12	Northern Pro Iron, chrome	800	4.79	3,832.00
12	—	Dallas Hot Pick	216	11.43	2,468.88
13	—	Dallas Hot Brush	216	10.41	2,248.56
14	—	Georgie Curling Brush	150	7.84	1,176.00
		TOTALS	14,071		150,703.28

DRIP COFFEEMAKERS

1	2	Norelco 10-cup Dial-a-Brew	2,928	22.20	65,001.60
2	—	North Amer Mr. Coffee 10-cp, almnd	2,118	29.29	62,036.22
3	3	Proctor-Silex 10-cup	3,011	19.88	59,858.68
4	1	North Amer Mr. Coffee 12-cup w/saver	1,260	44.48	56,044.80
5	7	North Amer Mr. Coffee 10-cp w/sv, alm	1,304	40.64	52,994.56
6	4	North Amer Mr. Coffee 10-cup	1,145	23.88	27,342.60
7	9	Hamilton Beach Mini-Drip II	550	16.12	8,866.00
8	—	Norelco 12-cup Dial-A-Brew	220	36.48	8,025.60
9	6	Norelco 4-cup Express	111	22.04	2,446.44
		TOTALS	12,647		342,616.50

IRONS

1	1	Proctor-Silex steam	2,001	12.93	25,872.93
2	6	Sunbeam self-clean promotional	648	22.83	14,793.84
3	—	Proctor-Silex Lady Light spray/steam	348	23.61	8,216.28

(Continued on page 88)

POWER MEANS MONEY.

Daisy is introducing the world's most powerful CO_2 pellet pistols. And they're going to trigger big sales for you.

The .22 caliber Power Line 780 and the .177 caliber 790 have all the power your customers want. And they look as good as they shoot. In fact, they're styled after the famous Smith & Wesson Model 41 Automatic.

These new guns are backed by a brand new introductory promotion and a powerful consumer ad campaign, too. Over 6 million potential customers will see magazine advertisements in *Hot Rod, Popular Hot Rodding, and Car Craft.*

Daisy has other important promotions planned for 1981. Special offers that will help you build big sales on popular Daisy adult air guns like the Power Line 881 and 922 rifles and the hot selling 717 pistol. And Daisy hasn't forgotten youth favorites like the 95 Woodstock™ and the legendary Red Ryder,™ either.

So send in the coupon today or call your Daisy representative. He'll give you all the details, plus a bonus—an advertising kit that will give you added selling power in your local newspaper. For easy ordering call the Daisy hot line: (800) 643-3458.

Daisy®

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Rebates

(Continued from page 87)

Hot air popcorn makers continued as the dominant product in the specialty electrics listing. The strong consumer demand for them also abetted sales of regular popcorn makers, so that traditional units were Nos. 4 and 6 on the chart, giving popcorn poppers four of the seven first places on the report.

Specialty electrics were No. 2 in total unit and dollar movement among the 10 kitchen electrics categories tracked on the electrics PMA. (Two personal care electrics classifications are also covered.)

The top kitchen electrics, drip coffeemakers, held that ranking for more than a year.

This demand reflected the fact that consumers have purchased and are using drip coffeemakers in a number of different places—home, kitchen, workroom, den, playroom, vacation home and even office—due to the stable price.

The replacement market for drip coffeemakers is strong, with the emphasis on price, rather than features such as timers. In fact none of the nine models that appeared on the PMA included a timer, with the only step-up feature found on four models being a brew control to save on the amount of coffee used in brewing.

The timer feature hasn't overwhelmed the drip coffeemaker classification because this control adds as much as $10 to the retail price—a cost that a great many consumers aren't willing to pay in the current tight economy.

Timers, down the road, could become a more important feature, as a number of manufacturers are adding this control to their line, and these models could be included in rebate programs later in the year.

The rebates for drip coffeemakers that will be available at the housewares show will come from almost every manufacturer of this item.

These rebates, together with the selective price cuts due for the first quarter, will enable discounters and other retailers to feature 10-cup drips at under $20 and 12-cup models at under $25 in ads.

Two mini drips made the report as Nos. 7 and 9. These four-cup models continue to be

(Continued on page 89)

Jamesway Net Down

SECAUCUS, N.J.—Jamesway reported third-quarter sales, excluding leased departments, increased 10% to $69.8 million over last year's third-quarter sales of $63.3 million.

Earnings, however, plummeted 18% to $1.4 million, or 50¢ per share, compared to last year's third-quarter earnings of $1.7 million, or 57¢ per share. Company officials attributed the earnings decline to continued softness in consumer demand and high interest rate pressures.

ELECTRICS

(Continued from page 87)

SPECIALTY ELECTRICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Wear-Ever Popcorn Pumper	3,273	27.26	89,221.98
2	3	Presto Popcorn Now	1,745	29.50	51,477.50
3	4	Presto Fry Daddy	459	26.86	12,328.74
4	6	Hamilton Beach Butter-up Popper	538	14.78	7,951.64
5	8	Hamilton Beach Fry All	378	14.78	5,586.84
6	—	West Bend 4-qt Butter Matic ppcrn mkr	331	12.68	4,197.08
7	2	Proctor-Silex 4-qt ice cream maker	145	18.09	2,623.05
		TOTALS	6,869		173,386.83

SLOW COOKERS

1	3	Rival 3½-qt, removable liner	1,013	21.84	22,123.92
2	2	Rival 3½-qt, almond	1,172	13.41	15,716.52
3	1	Rival 5-qt, removable liner, beige	485	26.80	12,998.00
4	4	Rival 5-qt, removable liner, avocado	558	21.83	12,181.14
5	6	Van Wyck 6-qt, removable liner	345	12.44	4,291.80
		TOTALS	3,573		67,311.38

TOASTERS

1	1	Proctor-Silex 2-slice, promo	1,412	12.25	17,297.00
2	2	Toastmaster 2-slice, almond	1,180	12.94	15,269.20
3	—	Toastmaster 4-slice	697	21.73	15,145.81
4	3	Proctor-Silex 4-slice, promo	456	18.91	8,622.96
5	5	Proctor-Silex 2-slice, pastry	348	16.98	5,909.04
6	4	Toastmaster 4-slice, dual control	191	30.10	5,749.10
		TOTALS	4,284		67,993.11

FOOD PROCESSORS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	Sunbeam Le Chef	205	107.71	22,080.55
2	1	Hamilton Beach Cuisine Machine	71	59.23	4,205.33
3	—	Norelco Food Processor	97	37.50	3,637.50
		TOTALS	373		29,923.38

BLENDERS

1	4	Oster 10-speed	752	25.74	19,356.48
2	6	Waring, 8-speed, Titan	687	20.10	13,808.70
3	2	Waring 14-speed, almond	573	23.14	13,259.22
4	1	Hamilton Beach 7-speed, almond	586	20.11	11,784.46
5	5	Hamilton Beach 14-sp Bindr Plus, gd	256	28.46	7,285.76
6	3	Waring 15-button, white	80	26.86	2,148.80
		TOTALS	2,934		67,643.42

STAND MIXERS

1	2	Waring 6-speed, 2-way, white	387	21.20	8,204.40
2	—	Waring 12-speed	191	23.21	4,433.11
3	1	Sunbeam w dough hook, white	30	80.63	2,418.90
		TOTALS	608		15,056.41

HAND MIXERS

1	1	Hamilton Beach 3-speed, gold	1,923	11.14	21,422.22
2	4	Hamilton Beach 5-sp w case, almond	581	18.60	10,806.60
3	3	Sunbeam 3-sp, white	592	11.80	6,985.60
4	5	Sunbeam 5-sp, Burst of Power, white	247	22.55	5,569.85
5	2	Waring 6-sp, white	292	13.38	3,906.96
		TOTALS	3,635		48,691.23

What 40 million people have been waiting for. A glue that works where others fail.

New Duro™ Depend® is the newest concept in adhesives. A solution to many of the problems that keep 40 million potential customers out of the glue market. Add new Depend to your line, tap that vast new market, and increase your glue sales. Depend out-performs ordinary glues in seven important ways.

Big K's remodeled store on Charlotte Pike, Nashville, uses a cube display for coffeemakers that includes drip and percolator models. Samples are flanked by stock on top and below. *(DSN photo)*

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PMA®

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Rebates

(Continued from page 88)

a small part of the total drip coffeemaker market, as is evidenced by their standing on the report.

The other key kitchen electrics to watch during the first quarter are toasters. Two-slice models were a strong seller last year and manufacturers didn't have enough goods to meet demand. The producers are expected to overcome this shortfall this year and the first signs of this should be better delivery of larger quantities.

The key reason for the unexpected demand for two-slice toasters was the low price for a staple kitchen appliance. These basic toasters far outsold the higher priced four-slice models. In fact, the top two toasters on the PMA were two-slice units tagged at under $13 that can be featured in ads at under $10.

As for the other kitchen electrics, slow cookers had a flurry of activity last year. The outlook for this year is that volume will level off at a slightly lower level. Rival continues to be the dominant brand for this product and accounted for four of the five models that showed up on the PMA.

Food processors showed little activity due to the economy and the relatively high price for a kitchen electric, even after sharp rebates were used to reduce the final cost to consumers. The weak food processor market resulted in Norelco dropping this item from its line, while Hamilton Beach has dropped its electronic model.

The weak food processor business could have helped blenders as this kitchen electric last year produced more sales than in 1979. The steady blender business was aided by the fact that specific units could be—and were—promoted at $19.99 on ad, whereas only discontinued and off-brand food processors could be tagged at this price in a promotion.

In the can opener report, five of the eight items included a knife sharpener feature. Models with this feature are priced in the $12-$15 range as opposed to under $10 for a simple can opener, but the additional $2 to $5 hasn't turned off consumers.

Promising Area

In irons, the trend to lightweight and compact models continued to gain steam; two such units made the report as Nos. 3 and 7. While most of the iron action was in the $15-$20 range, lightweight units were the step up in the $20-$25 area. In that price range, compact irons vied with self-cleaning models for business. Two self-cleaning irons also made the PMA.

A number of trends should be watched in the personal care electrics area. One is the expansion of health care items (which aren't tracked on the PMA) that run the gamut from hand massagers to heat and cold wraps. A growing number of manufacturers will be offering the latter item at the show.

In the two personal care cate-

(Continued on page 100)

Wicker

(Continued from page 81)

Again following industry trendsetters, smaller chains merchandise wicker and other furniture in vignettes or on endcaps as the profitable classification becomes more promotional.

Promotions are increasing from two to four a year at David's, Wichita, Kan., a buyer said. He started a wicker section last September and experienced a 60% sell-through with his first promotion. That proved to him that even with limited space and selection, his three-store operation could sell trade-up goods.

The emphasis so far has been on accessory items like baskets, mats and wall decorations; but with sku's cut 15% overall in his department, the buyer looks to expand his 16-ft. run.

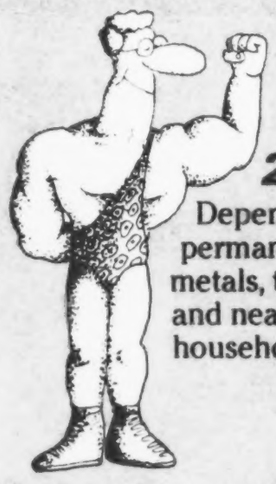
At another Kansas chain, ALCO, the buyer is considering larger, more decorative pieces, but this year's program has not been set yet.

The first two promotions for his new section, however, were successful enough for him to make the 12-ft. runs added to 72 stores last spring a year-round

(Continued on page 114)

1. Works on oily or dirty surfaces.
New Duro Depend lets your customers make permanent repairs without elaborate surface preparation. Even if the surfaces to be glued are porous, oily, dirty or contain small gaps. And once set, Depend bonds are water-resistant. So it has hundreds of applications both outside and in.

2. Ultra-strong.
Depend delivers very strong, permanent bonds on wood, metals, tough-to-bond plastics and nearly every other household material.



3. Bonds in 60 seconds.
Cure doesn't begin until parts are assembled. Then Depend sets to holding strength four times faster than epoxies. Without clamps.

4. No mixing.
Brush Duro Depend activator on one surface. Then use the easy-to-handle syringe to apply the adhesive to the other. No measuring.

5. No waste.
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6. No mess.
No mixing tools. Nothing left over to clean up. The Depend syringe and non-spill activator bottle make application neat and easy. Comes complete with handy storage tray.

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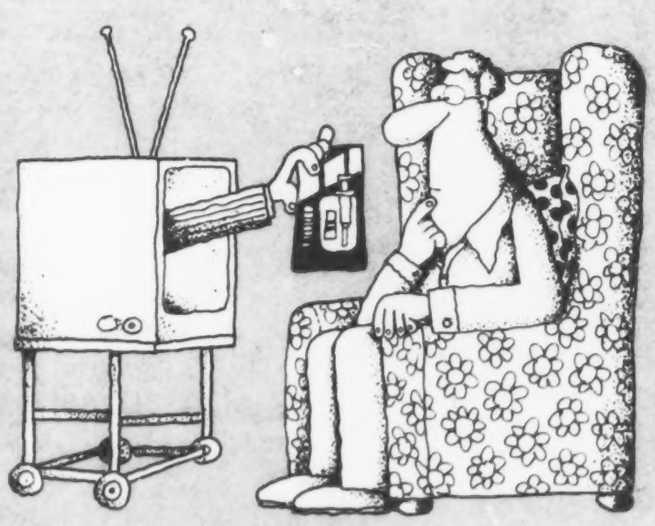
Depend will get the kind of advertising support a revolutionary new glue deserves: 236,812,160 adult advertising impressions ■ High-Impact network TV, all three networks ■ Spot TV tagged with your name ■ Two-page *TV Guide* ad with cents-off coupon ■ *Sports Illustrated, Good Housekeeping,* and *Reader's Digest* ■ Publicity, demonstrations, trial sizes ■ Free take-one brochures ■ Striking POP to make the Duro Depend story stick. Just ask your Duro representative or call SAM at 1-800-321-9188 for more information.



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HOUSEWARES

These nonelectric housewares figures, for Sept. 15-Nov. 8, were supplied by Myron Nickman, a division of Cook United, Maple Heights, Ohio, and cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
BATH SHOP					
1	8	Gray large shower caddy, white	1,020	3.77	3,845.40
2	2	Selfix shampoo spray	2,352	1.50	3,528.00
3	1	Selfix portable shower spray	534	6.51	3,476.34
4	4	Ekco 18" towel bar, chrome	1,512	1.60	2,419.20
5	9	Hanson scale, Princess, white	348	6.92	2,408.16
6	1	Gray shower caddy, white	1,038	2.25	2,335.50
7	10	Hanson scale, Princess, gold	328	6.92	2,269.76
8	14	Selfix twin hooks, 2-pack	2,616	0.83	2,171.28
9	6	Ekco toilet tissue holder, chrome	1,404	1.53	2,418.12
10	12	Ekco 24" twin towel bar, chrome	714	2.62	1,870.68
11	—	Empire bowl brush, Tampico	2,472	0.74	1,829.28
12	—	Empire bowl brush, plastic	2,544	0.70	1,780.80
13	19	Ekco 12" towel bar, chrome	1,188	1.47	1,746.36
14	18	Selfix 2 hooks, Moderne	3,432	0.50	1,716.00
RUBBERMAID					
1	—	20-gal Refuse container, avocado	2,166	9.20	19,927.20
2	5	Deluxe dish drainer, Orange	1,068	4.14	4,421.52
3	—	6"-dp Drawer organizer, sand	4,404	0.98	4,315.92
4	9	Deluxe dish drainer, chocolate	1,038	4.13	4,286.94
5	—	12"x10" Shelf liner, white	3,756	1.05	3,943.80
6	10	15¾" Drainer tray, gold	1,296	2.88	3,732.48
7	—	17¾"-hi Wastebasket, chocolate	1,008	3.70	3,729.60
8	—	Bath mat, white	1,980	1.88	3,722.40
9	20	5¼"-dp Dishpan, gold	1,812	2.03	3,678.36
10	—	6"-dp Drawer organizer, sand	5,664	0.63	3,568.32
11	12	Deluxe dish drainer, almond	876	4.07	3,565.32
12	—	17¾"-hi Wastebasket, gold	936	3.65	3,416.40
13	—	22"-wide Shelf and drawer liner, white	3,216	1.05	3,376.80
14	—	5¼"-dp Dishpan, chocolate	1,662	2.02	3,357.24

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CORNING WARE					
1	—	Large Counter-Saver, Spice	717	17.50	12,547.50
2	—	1-qt Microwave Cook 'N Pour	1,557	7.92	12,331.44
3	3	Microwave set	436	28.18	12,286.48
4	14	2½-qt Casserole, Spice	855	13.64	11,662.20
5	4	Cook's Choice set, Wildflower	257	43.09	11,074.13
6	—	French White Collection	498	22.15	11,030.70
7	12	Kitchen Starter set, Wildflower	436	25.14	10,961.04
8	—	Large Counter-Saver, Wildflower	540	17.85	9,639.00
9	2	Grab-"4"-It set	787	12.18	9,585.66
10	—	Cook's Choice set, Spice	209	43.09	9,005.81
11	20	2-qt Casserole, Spice	716	11.89	8,513.24
12	9	3-qt Casserole, Spice	502	14.88	7,469.76
13	—	Kitchen Starter set, Spice	288	25.70	7,401.60
14	16	Kitchen Starter set, Cornflower	325	22.30	7,247.50
PYREX					
1	3	4-pc Mixing bwl st w/hndle, Autmn Harvst	1,753	10.05	17,617.65
2	7	3-pc Casserole set, Autumn Harvest	1,300	11.19	14,547.00
3	1	3-qt Oblong bake dish w/basket	1,004	10.15	10,190.60
4	—	Sprout Farm kit	792	7.94	6,288.48
5	10	2-qt Casserole w/basket	612	10.23	6,260.76
6	9	3-qt Oblong bake dish	972	3.99	3,878.28
7	18	9" Pie plate, white	1,956	1.61	3,149.16
8	17	1½-qt Casserole w/basket, Fireside	368	6.37	2,344.16
9	—	3-pc Mixing bowl set, gold	348	6.72	2,338.56
10	—	1-qt Casserole, white	1,404	1.61	2,260.44
11	—	2-qt Oblong bake dish	630	3.57	2,249.10
12	—	2-qt Serving pitcher	1,500	1.44	2,160.00
13	15	1-pt Liquid measure	1,068	1.99	2,125.32
14	—	3-qt Casserole	360	5.53	1,990.80

(Continued on page 98)

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Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Mfrs. to Push Fashion as a Step-up Tool

By Howard Bobroff,
President,
Myron Nickman Distributors

Fashion will come to the fore at the housewares show.

Manufacturers of nonelectric housewares will use fashion as the merchandising vehicle to move products into higher price points and to stimulate sales in the face of the continuing weak economy.

Plastics and Rubbermaid are housewares areas that are preeminently geared to show off new fashions. In the former, high-tech colors and clean, contemporary lines will be featured by most manufacturers.

Rubbermaid, which has already picked up on the contemporary look with its Rubbermaid II bath collection and such items as its grip 'n mix bowls, funnels and strainer/colander, will be phasing out avocado as a color and adding yellow as a hue.

The new fashion focus to be seen at the housewares show, however, isn't just on colors. It includes new patterns and even materials that give staple housewares a new home fashion orientation in the eyes of consumers.

The bamboo look is the new pattern to watch at the housewares show, particularly on bath shop items. This look fits in well with current lifestyle home furnishings where wicker is a major design factor—partly due to the extensive use of wicker furniture which is now being merchandised by discounters as well as conventional department stores. (Story, p. 81.)

Strawberries are another pattern that could become important in housewares. The spark came from Corning Glass, which used the strawberry look as a new design for Expressions dinnerware, with mixed results. (This Expressions item is No. 9 on the tabletop PMA chart, ranking behind all the other Expressions designs except for Blue Heather which is being discontinued by the manufacturer as of this month.)

The brass look is the fashion that uses a material to set the design tone. Corning Glass is also the instigator for this fashion, introducing four different Pyrex bakeware items in the Fireside amber hue with brass plated servers, at the housewares show.

While a specific manufacturer may have sparked a fashion, the pattern or design only becomes important when other producers join the parade.

A case in point is glassware. Libbey has had strawberries as one of its patterns for 12-oz beverageware in its Sho-Pak 8 pc. set line, and has had a bamboo finish for on-the-rocks coolers and beverage glasses. The finish is offered in three colors: clear crystal, blue and

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PRODUCT MOVEMENT AUDIT

Push Fashion

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tawny.

At the show, the manufacturer will introduce rattan (which is similar to bamboo and wicker as a fashion look) as a new design for double, cooler and beverage glasses.

Libbey's 12-oz. beverageware in the strawberry pattern was No. 18 on the glassware PMA report.

A reverse situation holds for Anchor Hocking, the other major glassware manufacturer. Bamboo is the name for a design on a current line of seven glasses ranging from a 6-oz. juice to a 24-oz. cooler.

The producer, at the show, will introduce Sunberry as its strawberry pattern, on three glasses: juice, beverage and iced tea.

The point to remember is that once a fashion starts to appear on housewares offered by a number of different manufacturers, that design or color is poised to become a factor in generating sales.

A Different Perspective

The reverse also holds true; once a color or design is dropped by a major vendor, other manufacturers start to phase out that fashion, and the pattern or hue is on the way out as a factor.

The merchandising future of avocado (or green) is now open to question as a result of Rubbermaid's plan to phase out the color. The color didn't show up on any Rubbermaid housewares that made the report, an indication as to why the producer has decided to focus on other hues.

Avocado (or green), however, was strong on the plastics PMA chart, showing up on six of the 20 items. In addition, green has been a steady seller in Corelle dinnerware, although sets with this color trim didn't make the current audit.

Fashion is also being used by manufacturers to help merchandise new products. This was evident in tabletop, where Corning Glass has introduced

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HOUSEWARES

(Continued from page 94)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
TABLETOP					
1	1	Expressions 20-pc set, Wildflower	1,031	49.22	50,745.82
2	2	Expressions 20-pc set, Meadow	879	49.22	43,264.38
3	2	Expressions 20-pc set Indian Summer	875	49.32	43,155.00
4	8	Corelle 20-pc set, blue	1,201	29.90	35,909.90
5	7	Corelle 20-pc set, white	1,126	30.91	34,804.66
6	6	Corelle 20-pc set Woodland	1,149	30.25	34,757.25
7	4	Corelle 20-pc set, gold	864	30.39	26,256.96
8	9	Expressions 20-pc set, Batik	242	50.25	12,160.50
9	—	Expressions 20-pc set, Strawberry	197	52.88	10,417.36
10	10	Expressions 20-pc set, Blue Heather	124	52.82	6,549.68
11	—	Dimensions IV 16-pc set, Citrus	215	29.33	6,305.95
12	—	Royal China 20-pc set, Sussex	410	15.06	6,174.60
13	11	Corelle completer set, Woodland	198	29.44	5,829.12
14	—	Dimensions IV 16-pc set, Cinnamon	198	29.44	5,829.12
15	—	Corelle completer set, gold	410	13.94	5,715.40
GLASSWARE					
1	—	Westwood mugs	14,496	1.15	16,670.40
2	1	Anchor Hocking 24-pc set, Nwprt Gld	1,567	8.04	12,598.68
3	2	Anchor Hocking 24-pc set, Nwprt Crystl	1,163	7.91	9,199.33
4	—	Libbey 24-pc set, Chivalry	461	12.75	5,877.75
5	3	Libbey 6½-oz tall wine, Citation, 4-pk	1,134	3.98	4,513.32
6	4	Libbey 10-oz goblet, Citation, 4-pk	1,116	3.98	4,441.68
7	5	Libbey 6½-oz rnd wine, Citation, 4-pk	1,002	3.96	3,967.92
8	—	Durand 18-pc set, Lancer	420	8.69	3,649.80
9	—	Durand 7-pc salad set, Diamant	464	7.46	3,461.44
10	7	Libbey 12-oz bev, Valleybrook, 8-pc	582	5.81	3,381.42
11	17	Libbey 12-oz bev, Meadow, 8-pc	570	5.80	3,306.00
12	—	Durand 12-pc stemware set	232	13.29	3,083.28
13	—	Libbey 12-oz bev, Dried Flower, 8-pc	456	5.73	2,612.88
14	—	Libbey 12-oz bev, Woodhue, 8-pc	420	5.70	2,394.00
15	11	Libbey 6½-oz sherbet, Citation, 4-pk	564	3.98	2,244.72
16	—	Libbey 2-qt milk bottle	148	12.91	1,910.68

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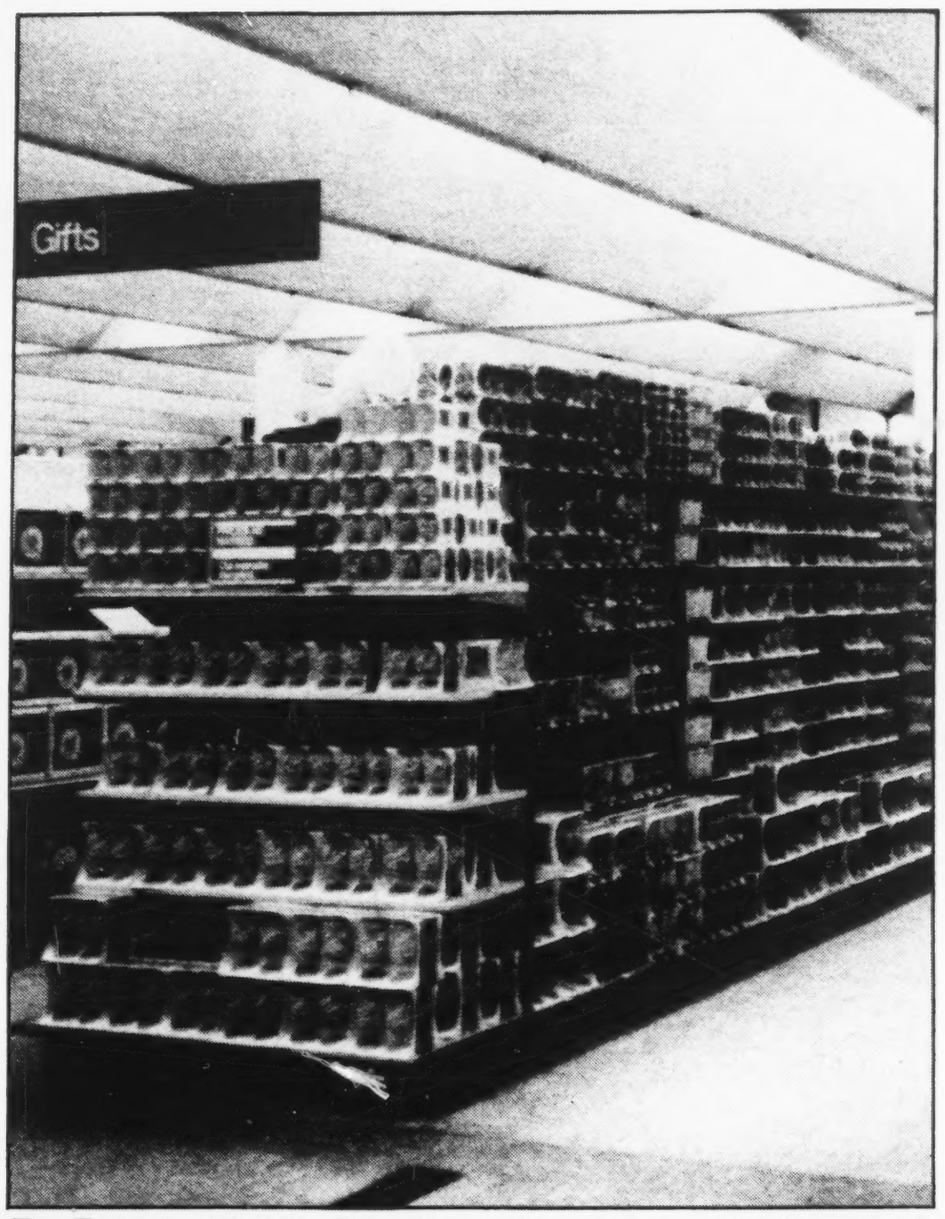

The Treasury, Hialeah, Fla., shows glassware on a high fixture with recessed shelves that hold just two rows of goods. A wider bottom shelf holds four rows, for shopper access. *(DSN photo)*

Service Merchandise: Sales Up, Profits Down

NASHVILLE—Service Merchandise reported a 21.3% sales increase for the three quarters ended Sept. 30, 1980, to $469 million from $387 million for the same period a year earlier.

Third quarter sales of $159 million were up 15% over the third quarter last year.

Same-store sales increased 8.1% for the nine-month period, 3.3% during the third quarter.

Earnings declined for the nine months to $2,077,000 from $4,483,000 the year before. Raymond Zimmerman, president of the 107-showroom chain attributed much of the earnings decline on increased interest expense, and also said a slight shift in the hard lines mix produced slightly lower gross margins.

Discounters' thrust into home furnishings as a trade-up housewares area is evident in Wal Mart, Oklahoma City, where vignettes are used to show goods in room-like settings. *(DSN photo)*

HOUSEWARES

(Continued from page 98)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
GADGETS					
1	13	Foley 2-qt food mill	756	6.34	4,793.04
2	1	Swing-A-Way hand can opener, chrome	1,584	2.79	4,419.36
3	15	Ekco paring knife	3,732	1.06	3,955.92
4	—	Ekco pastry brush	3,576	1.09	3,897.84
5	—	Foley 8-pc cook set, chocolate	1,152	3.36	3,870.72
6	2	Rhodes timer, mini-minder	780	4.94	3,853.20
7	—	Ekco peeler, stainless	4,128	0.88	3,632.64
8	11	Foley rolling pin	762	3.86	2,941.32
9	—	Foley measuring cup set	674	3.37	2,271.38
10	16	Foley 3-cup sifter	1,116	2.02	2,254.32
11	—	Ekco tongs	2,904	0.70	2,032.80
12	6	Range Kleen 8" reflector bib	852	2.37	2,019.24
13	4	Range Kleen 6" reflector bib	1,008	1.96	1,975.68
14	—	Ekco 12¾" pancake turner	2,136	0.92	1,965.12
15	—	Ekco 12" basting spoon	2,100	0.92	1,932.00
COOKWARE					
1	—	Wer-Evr 12" chf pn, Bnty, SlvStn, Ald	4,400	9.27	40,788.00
2	—	Wer-Evr 10" chf pn, Bnty, SlvStn, Ald	3,808	9.16	34,881.28
3	—	Chilton 7-pc set, SlvStn, aluminum	1,303	26.74	34,842.22
4	—	Wr-Evr 10½"-sq grddl, Bnty, SlvStn, Ald	3,600	8.96	32,256.00
5	—	Columbian large roaster	2,484	6.86	17,040.24
6	1	Chilton 11" saute pan, SilverStone	2,460	6.92	17,023.20
7	—	Wer-Evr 5-qt Dtch ovn, Bnty, SlvStn, Ald	1,100	14.50	15,950.00
8	6	Chilton 7½" fry pan, SilverStone	2,488	5.10	12,688.80
9	2	Chilton 7⅞" saute pn, SlvrStn, Ald	2,220	5.11	11,344.20
10	12	Ekco 1"-dp cookie sht, Baker's Secret	3,756	2.49	9,352.44
11	—	Wr-Evr 3-qt cvd suc pn, Bnty, SlvStn, Ald	800	11.43	9,144.00
12	5	Chilton 11" grddl, SilverStone, Almond	1,296	6.90	8,942.40
13	18	Ekco ¾" dp cookie sht, Baker's Secret	3,996	2.21	8,831.16
14	—	Wer-Evr 2-qt suce pn, Bnty, SlvStn, Ald	800	10.22	8,176.00
15	17	Ekco oblong bake pan, Baker's Secret	3,516	2.27	7,981.32

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Discount Store News PMA® PRODUCT MOVEMENT AUDIT

Push Fashion

(Continued from page 98)

Dimensions IV as a new dinnerware line and is featuring three colors on the trims that are part of the look for this item. They are cinnamon, almond and citrus.

The three 16-pc. sets scored as Nos. 11, 14 and 16 on the tabletop audit and the manufacturer will introduce 35-pc. sets at the housewares show as the step-up offering. Note that green wasn't used as one of the hues for the rim trim that is the hallmark of the design.

While fashion is important as a trade-up factor, and helps to ease the consumer acceptance of new products, the new item often has to make it on its own. When this happens, it means additional sales for the discounters who have latched onto the product.

In the fourth-quarter period covered by the PMA, few new items showed up because discounters and other retailers were concentrating their efforts on the basic nonelectric housewares that generate the tonnage movement needed to meet—and beat—previous housewares figures.

Among the new products that didn't make the audit was Pyrex's Sprout Farm kit for growing two different kinds of sprouts. It was No. 4 on the Pyrex report.

A 1-qt. microwave cook 'n pour bowl was new to the Corning Ware listing in the No. 2 spot; it denoted the steady inroads that microwave cookware has been making in traditional

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Microwave Ovens Hot; Mfrs.' Sales Dip in Appliances

CHICAGO—Manufacturers' shipments of major appliances were down 7.9% in September and 7% for the third quarter, continuing a nine-month trend triggered by the recession.

The Association of Home Appliance Manufacturers reported that shipments of all appliances except microwave ovens were off in September as movement fell to 2,477,700 units. Microwave oven shipments were up 27.1% to 383,400 units.

In the quarter, total shipments fell to 7,577,000 units, with only microwave ovens and room air-conditioners gaining.

Microwave ovens showed a 19.1% increase to 1,770,100 units. Air-conditioners jumped 115% to 724,800 units. The increase was due to the summer's intense and persistent heat wave.

Microwave oven shipments have increased each month compared to 1979's figures, the association reported, "due to increasing numbers of homemakers entering the working force, making the time savings the ovens offer increasingly important."

Discount Store News

PRODUCT MOVEMENT AUDIT

Push Fashion

(Continued from page 99)

cookware as microwave ovens grow in importance.

Two Lustro-Ware Super Cans showed up as Nos. 8 and 9 on the plastics chart. These are stepped-up garbage cans that guarantee longer life.

In cleaning and chemicals, Texize's 64-oz. Yes detergent was the top item. Its debut on the audit reflected the consumer demand for the product generated by extensive manufacturer promotions, including coupons distributed by mail and in newspaper inserts.

The limited number of new products that made the audit only pointed up the fact that staple, everyday sellers were the housewares that produced the unit and dollar movement that meant profits to discounters.

The glassware listing included three products from Durand, the first time that this supplier has broken into the report with so many items. Discounters and other retailers have been looking for more glassware vendors to obtain greater flexibility for their merchandising programs, and the use of sets from this manufacturer is one instance of this.

The dominance of step-up nonstick finishes in cookware has reached the point where only one item didn't have such a coating—and that was a Columbian large roaster (No. 5) which is a key item for the holiday period.

Rebates

(Continued from page 89)

gories on the PMA, the trends to track include the first use of a quartz element for a styler/dryer and the addition of mist and quick-release features for curling brushes.

These features will be used by manufacturers and retailers to step-up styler/dryers, curling wands and brushes from the $15 and $10 average price, respectively, these personal care electrics had on the PMA.

Of the two hair care products, styler/dryers became the more basic category due to less recent innovation by manufacturers. It was outranked by curling wands and brushes in total unit and dollar movement.

The much stronger showing for curling wands and brushes reflects the growth of brushes as both a new product for consumers who haven't purchased any curlers and as a replacement for those who have curling wands.

At the same time, curling wands continued to maintain movement as there were many shoppers who didn't need or want a curling brush, and who purchased the wands. Six curling irons and six curling brushes each made the PMA, with the other two products being specialty hair care products for black consumers.

The listing, however, was paced by curling brushes, which are the better-selling of the two types of hair curlers.

HOUSEWARES

(Continued from page 99)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
PLASTICS					
1	—	Fesco 20-gal trash can, avocado	4,398	6.09	26,783.82
2	1	Lustro-Ware 24-gal trash can w/tab, gr	1,992	9.90	19,720.80
3	2	Fesco 32-gal trash can, avocado	726	11.98	8,697.48
4	6	Lustro-Ware 11-qt heavy duty pail	3,696	1.61	5,950.56
5	8	Lustro-Ware 12-gal container, Spring-top	840	6.89	5,787.60
6	—	Fesco 32-qt tub, chocolate	1,638	3.53	5,782.14
7	15	Lustro-Ware 44-gal waste bskt, Flip-top	1,056	5.31	5,607.36
8	—	Lustro 6-gal Super Can green	1,278	4.09	5,227.02
9	—	Lustro 24-gal Super Can, green	384	13.16	5,053.44
10	—	Fesco 32-qt tub, avocado	1,128	3.60	4,060.80
11	7	Lustro-Ware 44-qt rect waste basket	912	4.02	3,666.24
12	—	Fesco 40-qt swing top basket, gold	822	4.26	3,501.72
13	—	Fesco 40-qt swing top basket, green	804	4.17	3,352.68
14	—	Lustro-Ware 4-pc bowl set w/cover, yellow	1,104	2.83	3,124.32
15	14	Lustro-Ware 1.1 bu oval laundry basket	1,056	2.90	3,062.40
16	13	Fesco No-Hands can, almond	396	7.57	2,997.72
CLEANING/CHEMICALS					
1	—	Texize 64-oz Yes	14,298	3.07	43,894.86
2	1	Stich Goods 8" Roll-o-Matic mop	6,216	6.89	42,828.24
3	12	Drackett 32-oz Windex refill	20,700	1.09	22,563.00
4	5	Purex 22-oz Sweetheart dish liquid	31,572	0.59	18,627.48
5	7	3M 16-oz Scotch Guard	5,304	3.47	18,404.88
6	—	Johnson 16-oz Brite	12,216	1.50	18,324.00
7	14	D-Con Four Gone, single pack	6,600	2.58	17,028.00
8	—	Texize 32-oz Spray 'N Wash refill	8,484	1.90	16,119.60
9	11	Texize 32-oz Glass Plus refill	15,300	0.98	14,994.00
10	—	Purex Brillo pads, 10-count	22,848	0.60	13,708.80
11	—	D-Con 1-lb Ready-Mix pesticide	7,578	1.76	13,337.28

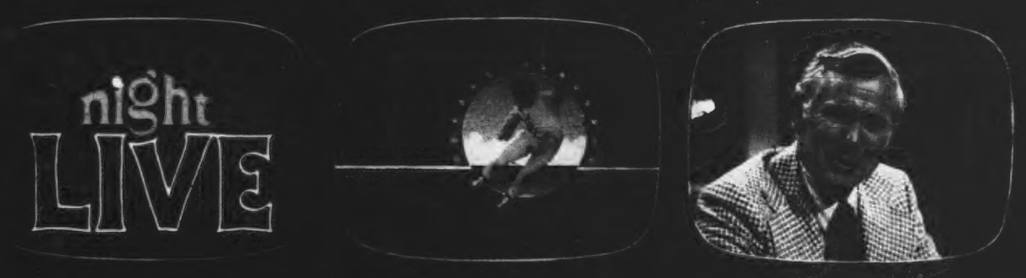
Microwave ovens are bulked on a flat in Zodys, Stockton, Calif., by lessee Wards, with a few microwave cookware sets (available in the store-run housewares section). *(DSN photo)*

Only Turtle Wax to cash in on the

And we're going to help you cash in with

Cash in on multi-million dollar ad support.

1981 TV exposure for PolyShell products will include special sports programming baseball auto racing and other important events Plus Saturday Night Live The Tonight Show and nightly news programs Network Radio commercials will be heard on the ABC Contemporary Network and CBS Sports Magazines to be used include special interest publications like Car & Driver Road & Track and Pickup Van & 4 WD And general interest magazines like Sports Illustrated Playboy and Money With a media line-up like that you stand to be a big winner with all the PolyShell products



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This is it — the first major innovation in do-it-yourself polymer protection. A pioneering success in 1980 — an even bigger profit-maker for 1981.

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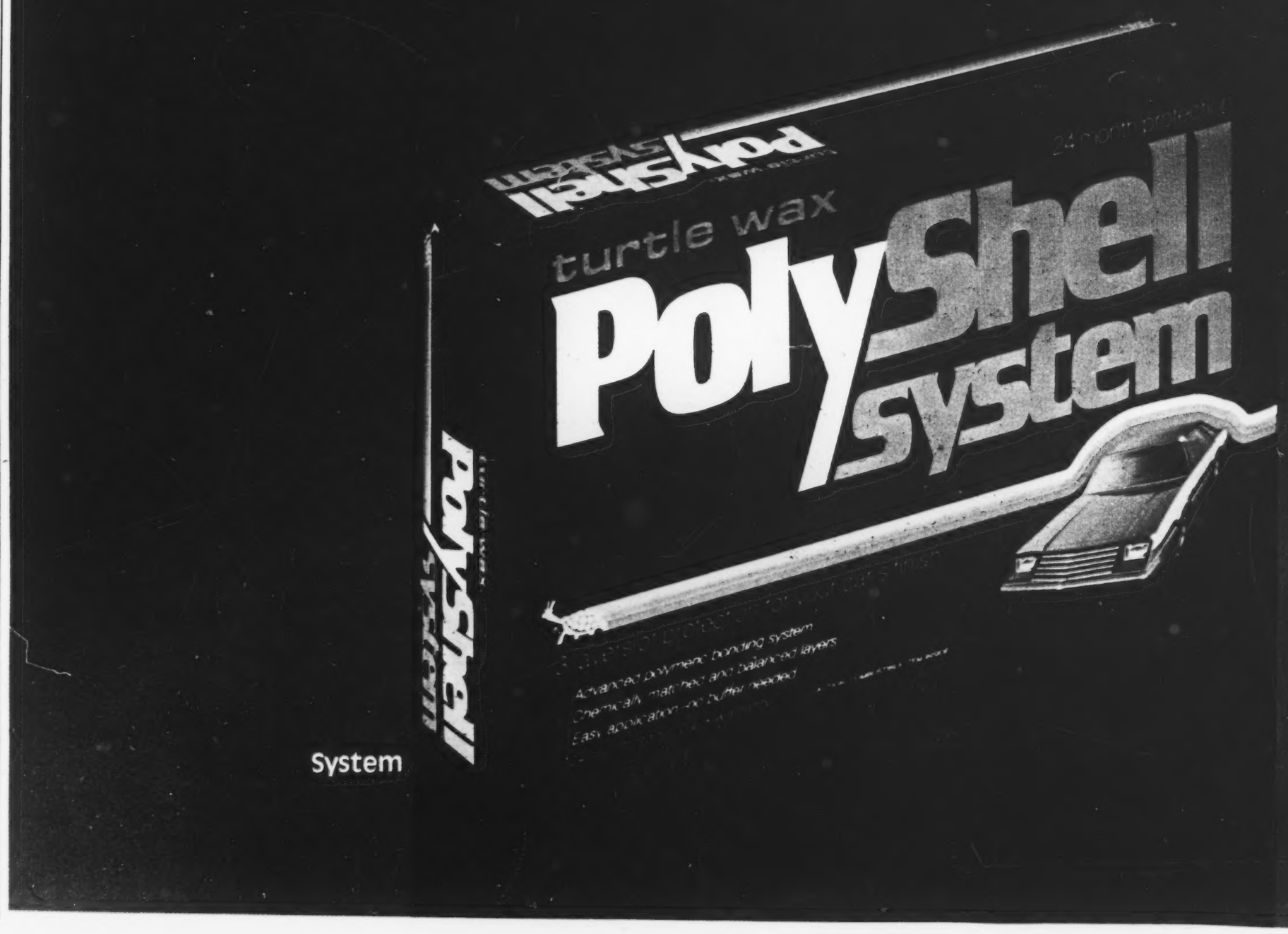

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Sales Outlook Conservative For 1st Half

Productivity Is Chain Watchword in Tight Economy

Nationwide DSN Report

The economic and sales outlooks for 1981 are bleak enough to make productivity the year's watchword.

Conservative first-half sales projections, coupled with an 8% hike in the minimum hourly wage and other skyrocketing operating costs, are "forcing us to find one more way to squeeze the cow this year," in the words of one discounter.

The pressure is on to make existing stores more profitable. Even giant K mart, committed to increasing units by approximately 10% again this year, posted sales gains in November and December that barely matched gains in number of stores. T.G. & Y., committed to a hearty 55-store expansion program in 1981, is reviewing the mockups of a new prototype that will meld higher-margin, more fashionable merchandise with upgraded fixturing.

For strong regionals like Target and Wal-Mart, which are shooting for a more national prominence, aggressive expansion plans are getting a green light from management—even though Target's sales gains for the first half of '81 are expected to come in under the current rate of inflation, according to Charles Miller, vice president for strategic planning.

For Wal-Mart, corporate forecasts target $2 billion-plus in sales for 1981—not including 110 Big K stores—and 60 new stores, Ken Folkerts, chain vice president and treasurer said.

For some smaller discounters like ALCO and Grand Central, the expansion program has been modified as management examines and pares operating cost excess a store at a time.

"We thought we'd open 13 stores this year," said R. R. Soelter, ALCO president. "Instead, we have seven units under construction. When the economy improves and interest rates come down we can expand further." For now the chain will continue the policy of closing early on Saturday nights that it began last year, "where volume shows us it is not profitable for those stores to remain open the extra hours," according to Soelter. If farm economics improve in 1981, he expects a good year, but he cautions a lot can happen between planting and harvesting.

(Continued on page 41)

"We anticipated the minimum wage hike and factored it into our cost structure."—Zodys' Suval

"We thought we'd open 13 stores this year, but for now we're planning on seven."—ALCO's Soelter

Wal-Mart's latest (large) store design, here at the chain's new Victoria, Tex., store, reinstated a traditional merchandising concept—main aisle feature tables—abandoned in earlier efforts. *(DSN photo)*

Latest Wal-Mart Prototype Melds Old, New Ideas

By Chris Haggerty

VICTORIA, Tex.—In its ongoing search for the ultimate prototype for its larger stores, Wal-Mart has shifted from some of the original design ideas incorporated in earlier experimental layouts.

Wal-Mart has re-embraced some tried and true merchandising trademarks while also refining some successful features of earlier designs—as found in its Pine Bluff, Ark., and Moore, Okla., stores opened last year.

The end result of this blending of old and new merchandising concepts is the chain's new Victoria store—a 94,700 square footer and the largest store in the Wal-Mart lineup.

In many aspects this new store takes up where the Pine Bluff and Moore store designs left off. These two earlier stores, both averaging around 60,000 sq. ft., introduced a more upscaled image than is normally found in the chain's older stores—one which targeted a younger, more sophisticated customer with a stronger fashion orientation. These stores were tailored to medium-sized urban and suburban markets. The changes emphasized wider aisles, fashion fixturing, and roomier displays. The most dramatic step was the elimination of the familiar feature tables which Wal-Mart usually places in the major traffic aisles.

"The [Victoria] store is a further test and evolution of our store design; merely another attempt to find the perfect solution for our larger stores," said Jack Shewmaker, Wal-Mart's president. "We aren't saying we've found the answer, but this design does come closer to what we want for the future."

First and foremost, the Victoria store signals the chain's continued interest in placing larger units in midsized communities with sizable future growth potential. This lets the chain take advantage of extensive opportunities available in these larger markets, Shewmaker said. (The majority of the chain's future stores are still planned for smaller locales, however, with populations ranging from 5,000 to 25,000.)

Victoria is the third fastest growing city in Texas, and its population is expanding by 12% annually. The city depends on the petrochemical and oil industries which are well-entrenched

(Continued on page 41)

The Touche Ross/DSN Discounter Management Development Series appears on p. 16.

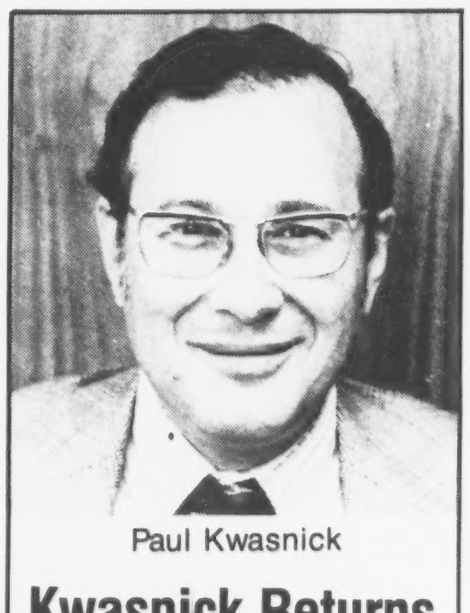
Alexander's Dissidents Named Chairman, COO

DENVER—After a proxy battle was narrowly averted at Alexander's annual meeting here last month, a dissident group, headed by two of the founder's four sons, won greater influence in the discount chain run for years by their older brother.

To win their fight, however, the two younger brothers—Robin and Bruce Farkas, now chairman and chief operating officer, respectively—went outside the closely held company, to Interstate Properties for support. Interstate made headlines last year when it took control under similar circumstances of Vornado, parent company of Two Guys, with a 12% controlling interest.

Unseated in the struggle was Benjamin Bartel as chairman of the board. He remains general counsel and a board director. The most obvious result of the

(Continued on page 42)



Paul Kwasnick

Kwasnick Returns As King's Prexy

NEWTON, Mass.—After a two-year hiatus, Paul Kwasnick—King's president from 1975 to 1978—is back running the New England chain.

Previously, Sol Kittay, chairman of Cornwall Equities (King's parent) was acting chain president.

The appointment is the first of many changes slated as King's absorbs Barkers which it bought, along with Franklin Stores, late last year from Cornwall.

Korvettes Ponders Reopening Up to 10 Stores Temporarily

By Arthur Markowitz

NEW YORK—Korvettes at presstime was pondering temporarily reopening up to 10 closed Metro New York Area stores, as an expedient move to generate rental income until the units are leased, it was confirmed to DSN by Joseph Ris, chairman.

The discounter closed the 17 operating stores in the New York area right after Christmas and at presstime sold the lease of its 165,000-sq.-ft. unit on Fulton Street in downtown Brooklyn for $1,510,000 to a real estate developer.

Last month Korvettes sold the lease of its 70,000-sq.-ft. store in midtown Manhattan for $3.5 million to a developer who plans to put up an office building on the site.

J. W. Mays earlier this month obtained the 130,000-sq.-ft. Korvettes in Scarsdale, N.Y.,

(Continued on page 42)

'79-'80 Recession Hit Discounters a Bit Less Than Conventionals

NEW YORK—The 1979-80 recession impacted discount stores slightly less than it did conventional department stores, although both types of retailers overall turned in weaker merchandising performances.

An analysis of two merchandising reports for the 1979-80 period showed that the economy caused discounters and conventionals to register declines in markups, gross margins and turns, and increases in markdowns and stock shortages in many categories.

The studies are the National Mass Retailing Institute's Operating Results of Self-Service Discount Department Stores 1979-80 and the National Retail Merchants Association 1980 MOR report for 1979.

(The NMRI's study, compiled and published by Cornell University, includes revised figures for cumulative markups. The revision, which corrected a clerical error, resulted from DSN questioning the original markup figures.)

The weak economy in the 1979-80 period resulted in both discounters and conventional department stores lowering markups and increasing markdowns to offer shoppers sharper prices as a sales inducement. At the same time, inventories were cut back, thereby reducing turns.

The end result of those actions was lower gross margins for many categories.

The most telling impact for discount stores occurred in the soft goods area where discounters have been making a major upgrading effort to capture more profitable sales.

Markups fell for men's wear (off 6.7%), ladies' (down 3.9%) and children's (off 4.8%), but higher turns—up 25% for ladies' and 24% for children's—and reduced stock shortages—down 25.9% for ladies' and 1% for children's—enabled discounters to boost the gross margins of the latter two key categories: 4% for ladies' and 7.9% for children's.

Markups were down for all the hard goods for discounters and, combined with higher markdowns and reduced turns

(Continued on page 35)

Markups, Gross Margins, Turns Declined

	Markup[1]		Markdown[2]		Stock Shortage		Gross Margin		Turns		Sales as % of Total Volume[3]	
	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores	Discount Stores	Dept. Stores
Auto Accessories	30.3%	N.A.	7.2%	N.A.	1.9%	N.A.	26.3%	N.A.	1.3%	N.A.	4.6%	N.A.
Major Appliances	17.5	26.4%	5.2	5.3%	3.0	1.0%	15.0	23.2%	0.4	4.2%	1.4	1.1%
Home Electronics[a]	24.6	27.5	7.5	5.9	3.0	2.1	18.5	22.7	2.6	2.9	2.2	2.3
Small Appliances	24.1	27.7	8.1	6.2	2.4	1.7	17.4	25.0	32.2	3.0	2.7	0.9
Housewares	35.4	44.7	8.3	7.7	0.7	1.4	31.6	41.9	2.6	2.1	6.2	1.4
Hardware	35.0	38.9	7.6	10.3	2.2	N.A.	29.1	33.5	1.3	2.1	5.0	0.3
Hobby, Recreational & Transportation[b]	29.0	42.1	6.5	14.7	2.6	4.8	23.3	33.3	0.9	2.0	10.0	0.5
Toys	34.1	40.2	7.4	9.8	2.0	2.5	28.7	33.7	2.4	2.7	5.4	0.4
H&BA	25.7	39.1	5.9	1.1	1.8	1.6	22.2	38.4	3.8	3.3	7.8	4.2
Women's Apparel & Accessories[c]	41.7	50.7	12.4	17.3	2.7	3.5	36.6	45.2	1.5	4.5	13.4	36.7
Men's Apparel & Accessories	38.9	49.8	8.9	12.2	1.6	2.6	34.5	43.1	5.4	3.1	8.7	8.9
Children's Wear	37.6	49.1	8.8	10.6	1.4	2.1	34.2	45.9	3.1	3.8	7.3	4.7
Household Textiles[d]	38.2	47.1	8.9	7.4	1.3	1.1	31.9	44.3	2.8	2.3	7.0	5.1
Furniture, Home Furnishings & Accessories	38.0	48.1	9.7	9.2	2.0	1.1	32.4	44.6	15.5	2.1	2.3	8.2
Stationery supplies & Accessories	35.7	46.9	8.1	5.9	2.3	2.3	35.2	43.0	5.8	3.2	2.8	0.8
Home Improvements	36.2	N.A.	11.1	N.A.	2.6	N.A.	31.4	N.A.	11.6	N.A.	1.9	N.A.

Discount store figures are combined dollar averages; (Conventional) Department store figures are medians. N.A.—Not available.

[1] Cumulative figures, including transportation costs. [2] Figures include employee discounts. [3] Discount store figures are percentages of total sales for chains with sales in the specific departments; department store figures are percentages of total consolidated store volume.

[a] Discount store figures exclude records; department store figures include records. [b] Discount store figures include books, records, photo, luggage, art supplies and sporting goods; department store figures are just for sporting goods. Department store median figures for books, art supplies and photo are: markup, 33.9%; markdown, 3.7%; stock shortage, 2.1%; gross margin, 31.2%; turns, 2.5, and sales percentage, 0.6%. [c] Discount store figures include intimate apparel and accessories, which aren't included in department store statistics. Latter's median figures for this category are: markup, 50.8%; markdown, 6.7%; stock shortage, 2.7%; gross margin, 49%; turns, 3.3, and sales percentage, 8.8%. [d] Discount store figures don't include the bath shop, which is part of department store statistics.

Source: Discount stores: NMRI's Operating Results of Self-Service Discount Department Stores, 1979-80; Department stores: NRMA's 1980 MOR report of 1979 Merchandising and Operating Results.

Filer Rosenberg deGraffenreid

4 at DSN Are Promoted

NEW YORK—Jim deGraffenreid, Fred Filer, Iris Rosenberg and Jim Heath of *Discount Store News* have been promoted.

deGraffenreid, national sales manager since 1978, has been named manager, midwest division, of DSN's parent company, Lebhar-Friedman. Prior to being promoted to national sales manager of DSN, he had been northeast region sales representative for DSN and *National Home Center News*, also a Lebhar-Friedman publication.

Fred Filer, DSN's eastern sales manager and formerly sales representative, replaces deGraffenreid as national sales manager.

Rosenberg, who joined DSN in February 1980 as a senior editor, was promoted to managing editor. Before joining DSN, Rosenberg was an associate editor with NHCN.

Heath, DSN West Coast sales representative, was named western sales manager.

2 Chains Use Opposite Methods to Up Book Biz

Two major discounters are using opposing techniques to achieve the same goal—improving book sales at a time when many other chains are experiencing little growth at all.

The issue separating Oklahoma-based T.G. & Y. and West Virginia-based Heck's hinges on how heavily a chain should rely on a distributor and on how much ordering and selection it should do itself.

Heck's improved sales by 35% in 1980 and by 60% the year before by taking its book business away from a variety of distributors (and also by giving up a limited amount of direct ordering from publishers) and placing the responsibility for book selection in the hands of a single Chicago-based national distributor in early 1979.

The distributor was able to achieve the sales increase through a computer system devised to individually tailor the mix for each of Heck's 75 stores.

The distributor, Heck's buyer Larry Lacy explained, includes a computerized counter card with each title delivered to a store. This is mailed back to Chicago to reorder. He said the distributor automatically adjusts the mix of mysteries, romance novels and other categories to each store's selling pattern.

Results achieved by the distributor were the most dramatic in one West Virginia store located near a hospital. Lacy said sales went up from $4,500 per year to $40,000 per year when the mix was tailored to the particular market.

"It has made us much more responsive to the customers. We don't discount books and we still don't seem to be feeling the resistance to increasing prices that other chains have," he explained.

Conversely, for 480-plus-unit T.G. & Y., a 20% sales rise in 1980 was obtained by relying on a larger number of local, regional and national distributors and by chain executives taking an increasing role in the selection of books.

"We feel our distributors are 80% accurate in what they are putting in the stores in most cases," explained T.G. & Y.

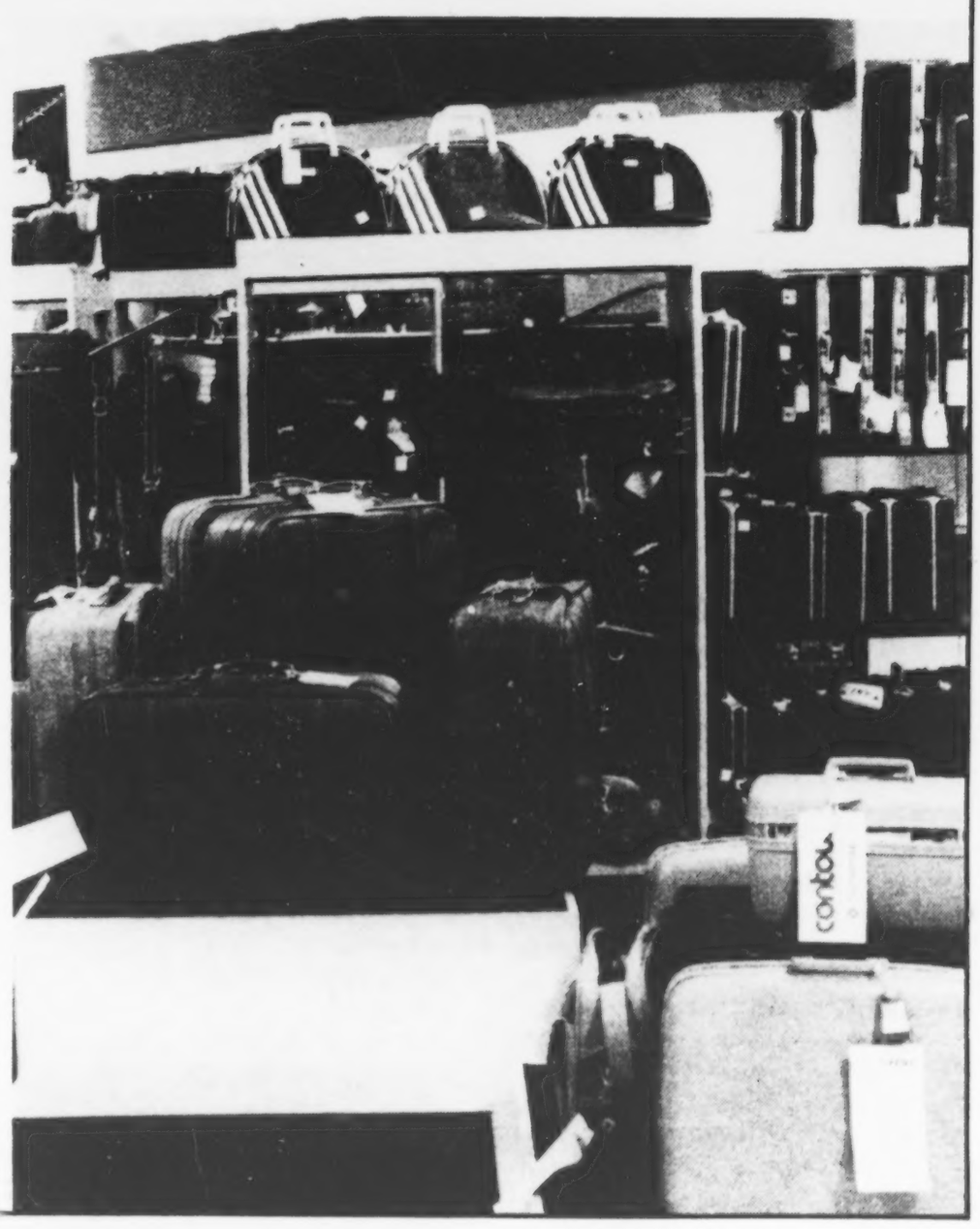
(Continued on page 36)

Spotlight on: Luggage

Jefferson/Ward Carries Out Fashion Look

Jefferson/Ward has refixtured luggage to develop a fashion presentation while still maintaining self-service merchandising. The effort, as seen in the Bordentown, N.J., store, includes the use of flats at the front of the section and box fixtures with carpeted shelves and waterfall arms attached to the sides inside the carpeted department. Self-service is carried through by the mass display of luggage on the flats and on the open shelves of the box units, and by the hanging goods on the waterfall arms. The fashion presentation results from the open arrangement of the flats and fixtures and from the use of the same color finish for the displayers. Customers can easily see the luggage and quickly select the pieces they want.

(DSN photo)



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SEATING PLAN. Patio furniture is an up-and-coming lawn and garden category, and will get more buyer bucks. P. 26.

DIET SALES FATTEN. Diet and ethnic items were hot in the 1980 H&BA PMA. P. 27.

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Vol. 20, No. 2 Jan. 26, 1981

Fred Meyer Sells Profit-Draining Savings and Loan Subsidiary

PORTLAND, Ore.—Fred Meyer has sold its savings and loan subsidiary after it cut the former's profits sharply for the first nine months and third quarter last year.

Fred Meyer's retail operations had strong sales and earnings gains for both periods.

Fred Meyer Savings and Loan was sold for about $24 million to D. K. Ludwig, a New York investor and shipping executive.

Fred Meyer's loss from the 39 saving and loan offices amounted to $3,935,000 for the nine months ended Oct. 4, with $1,347,000 coming in the third quarter.

The discounter had obtained a 97% interest in the financial operation as part of its plan to offer a range of customer services in its company-owned shopping centers.

Fred Meyer chairman Oran G. Robertson said the sale enables the company to concentrate on its primary business of retailing.

The firm's board of directors increased the cash dividend by 18% to the quarterly rate of 16½¢ a share, with the higher amount payable Jan. 12 to shareholders of record Dec. 23, 1980.

Company sales for the third quarter went up 14% to $275,471,000 from $241,697,000. Income before equity in the loss of an unconsolidated subsidiary went up 16.6% to $5,871,000 from $5,037,000.

The $1,347,000 loss in the subsidiary Fred Meyer Savings and Loan as against a $168,000 gain in the quarter in 1979 reduced the discounter's net income by 13.1% to $4,524,000 from $5,205,000.

In the 40-week period, sales of $873,898,000 were up 13.4% from $770,498,000, while earnings before the equity interest went up 17.4% to $12,602,000 from $10,731,000.

The $3,935,000 loss in the subsidiary compared with a $1,148,000 gain in the period in 1979 cut net income by 27% to $8,667,000 from $11,879,000.

Appliance Energy Efficiency Rules Delayed, May Die

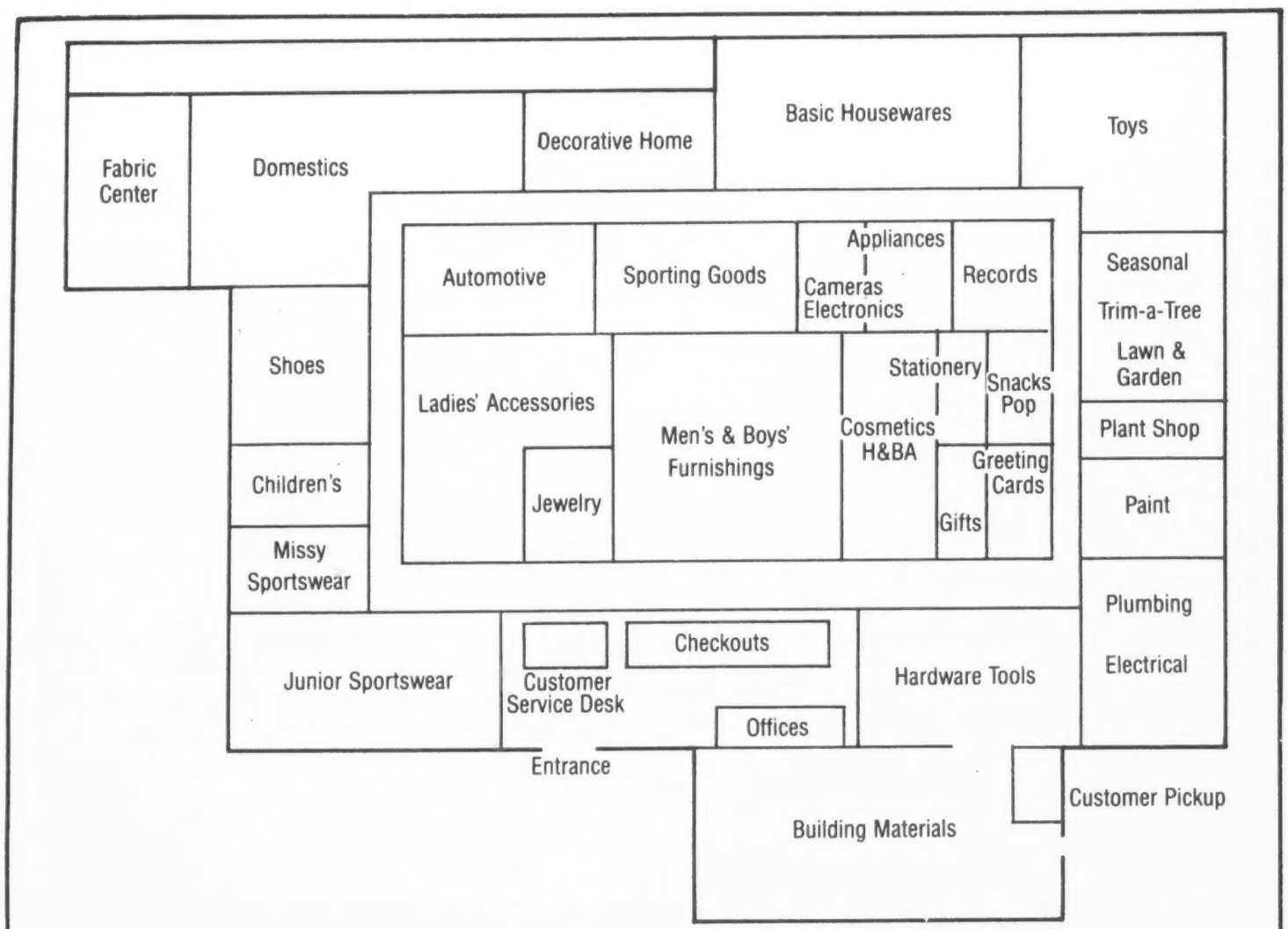
WASHINGTON—Final appliance energy efficiency standards have been delayed by the Energy Department.

The delay is likely to mean that the standards will die under the Reagan Administration. During the campaign, Reagan announced that he would seek a moratorium on new regulations and also outlined plans to dismantle the Energy Department itself.

The standards, which would have required manufacturers to meet certain energy efficiency requirements for appliances, were strongly opposed by the industry. Officials of appliance manufacturers were against the standards because of the added expense, the difficulty of retooling, and the limited choice of items that would be available to consumers.

In thousands of pages of comments submitted to the Department of Energy, the industry also criticized the regulations, claiming the following:

- Unnecessary, costly new testing would be required.
- Reporting requirements which demand far more detail would be required to substantiate compliance.
- Industry certification programs which are now in place and usable for the new regulation purposes would not be used.
- A possible negative impact on competition and employment would occur.
- Appliance efficiency improvements that have already been achieved without the standards would not be recognized.
- Minimum energy efficiency standards for appliances that do not justify such standards such as clothes dryers, ranges and ovens, and electric space heaters would still be issued.
- Ineffective measures would preclude states from developing individual energy regulations. (Manufacturers favor uniform national efficiency standards to discourage states from setting conflicting regional standards, but the industry believes the new regulations don't give such protection.)
- The regulations would give imported products advantages over United States products, and exported products would be at a disadvantage with foreign competitors.

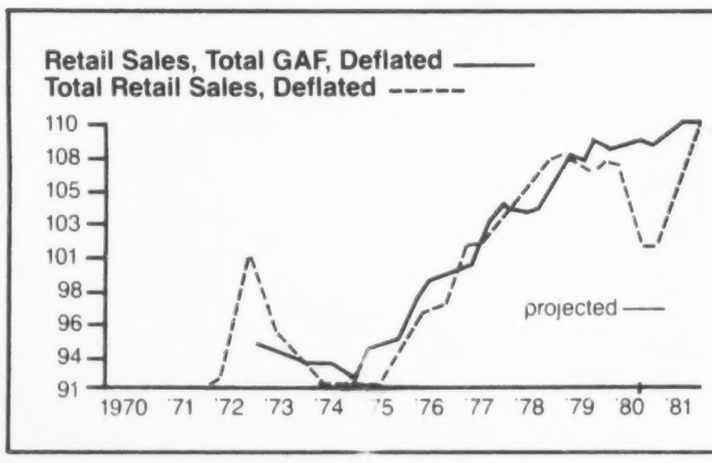


Clarkins Hops on Race Track Bandwagon

Clarkins joined a growing list of discounters adopting a race track layout with its recent opening in Ashland, Ohio. The new configuration—complemented by higher-profile, more upscale fixturing—allows the nine-unit chain to stock this 56,000-sq.-ft. prototype with the same assortment of goods found in its approximately 100,000-sq.-ft. stores. (Front-of-store location for building materials is unique to this unit.)

L/F Econocycle

GAF sales to snap back in '81



General Merchandise/Apparel/Furniture Stores (GAF)

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80** 4Q %	'81** 1Q %	'81** 2Q %	'81** 3Q %	'81** 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	8.2	4.5	3.9	2.9	3.7	7.7	6.4	7.4	10	4.0	6
Real sales (Deflated)*	1.9	−1.7	−3.1	−3.3	−1.7	−2.1	−1.2	1.6	4	−1.5	2

*Base = Sept. 1980 Sales
**Projected

The GAF retail group (which includes discount stores) has been outperforming the total retail sector since early 1979—since early last year, in fact, the gap between retail and GAF performance has been significant.

Apparel continues to be the strongest element in this category and the figures show that the general merchandise store group has been underperforming since 1978. Hard lines retailers (furniture & appliances) have also been falling sharply since '79.

The L/F econocycle projection is for continued growth of GAF—although on a slower track. The bottom has been hit and passed. Through 1981, from a low level of activity in this large indicator sector, a fairly strong recovery is projected. The index projects continued growth for apparel, sluggish recovery for furniture/appliance outlets and categories during late '81—and a plateau for general merchandise units. (Next month, the Lebhar-Friedman Composite Index, charts facing, will include a new indicator for discount store activities.)

Retailing generally is expected to step up from a low level of activity to a relatively strong recovery (with sales increases marching steadily upward through the 3rd and 4th quarters).

Sales/Include Inflation

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.0	10.5	8.6	7.6	9.3	8.8	5.8	8.2
	2Q	4.3	10.0	7.9	8.9	1.4	4.8	6.5	4.5
	3Q	5.5	11.7	7.8	12.4	0.1	4.6	6.1	3.9
	4Q	4.3	9.5	2.5	12.4	0.9	2.1	7.1	2.9
1981	1Q	4.8	9.3	2.1	6.3	0.2	4.1	6.2	3.7
	2Q	10.6	9.6	5.8	8.7	7.1	7.7	8.2	7.7
	3Q	8.2	8.0	8.0	4.9	5.8	6.0	7.6	6.4
	4Q	10.3	9.0	9.6	2.2	9.7	6.2	8.4	7.4
% chance 12 mos.	1979	11.0	11.0	9.0	14.0	14.0	9.0	10.0	10.0
	1980*	6.0	10.0	6.5	7.0	3.0	5.0	6.0	4.0
	1981*	8.0	9.0	6.0	2.0	6.0	6.0	7.5	6.0

Real Sales (Deflated)*

1980	1Q	−1.5	−0.7	−1.4	−1.3	3.6	1.0	1.6	1.9
	2Q	−5.6	2.6	−1.3	−17.4	−4.2	1.9	−2.2	−1.7
	3Q	−4.5	4.3	−1.6	−21.0	−6.8	0.6	−3.1	−3.1
	4Q**	−4.3	2.9	5.0	−20.6	−5.2	2.0	−4.6	−3.3
1981	1Q**	−2.6	2.6	−5.0	−14.3	−5.1	2.0	−1.9	−1.7
	2Q**	3.8	1.0	−2.3	0.3	1.2	3.6	1.8	2.1
	3Q**	2.9	0.4	−0.1	−3.4	0.3	3.7	0.6	1.2
	4Q**	4.9	1.6	0.8	−5.8	3.7	4.2	−0.1	1.6
% chance 12 mos.	1979	1.0	3.0	−1.0	6.0	8.0	6.0	3.0	4.0
	1980**	−4.0	2.0	−2.0	−15.0	−3.0	1.0	−2.0	−1.5
	1981**	2.2	1.5	−1.5	−6.0	—	3.0	—	2.0

*Base = Sept. 1980 Sales
**Projected

About Econocycle

The basis for the L/F Econocycle index (charts above, figures facing) is the Applied Economic Research Unit, located in The Hague, Holland. This unit does consulting and research programs for Government and major corporations on three continents today. Its forecasting methods are based on the Econocycle System, a computerized technique designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The graph (above) represents the trend cycle (after a deflator has been applied for inflation). All data has been seasonally adjusted and smoothed—and is updated each month. The source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

Each month, the L/F Econocycle projects trends based on previous sales cycles. Since outside events (interest rate, money supply, credit) can modify the cyclical path and momentum of sales-trends at any point in time, the L/F Econocycle constantly monitors and updates new data and processes these up-to-date trend-charts each month.

HEALTH & BEAUTY AIDS

These H&BA figures for the year 1980 were supplied by Boston Distributors, a division of Cook United, Maple Heights, Ohio. The firm covers 320 stores, including 290 discount stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	LOTIONS, CREAMS, AND MOISTURIZERS			
1	Oil of Olay 4 oz.	45,702	3.99	182,351
2	Noxzema Cream 10 oz.	58,830	2.19	128,838
3	Oil of Olay 6 oz.	19,842	5.59	110,917
4	Vaseline Intensive Care Lotion 10 oz.	48,852	1.79	87,445
5	Porcelana Cream 4 oz.	8,148	6.49	52,881
6	Vaseline Intensive Care Lotion 15 oz.	20,052	2.59	51,935
7	Vaseline Intensive Care Lotion 24 oz.	13,704	3.69	50,568
8	Night of Olay Cream 2 oz.	9,966	4.39	43,751
9	Noxzema Cream Jar 6 oz.	24,930	1.69	42,132
10	Wet Ones Disposable Towels 70's	29,352	1.43	41,973
11	Keri Lotion 6.5 oz.	14,988	2.69	40,318
12	Noxzema Skin Cream Special 14 oz.	15,804	2.49	39,352
13	Vaseline Intensive Care Ltn. X-Str. 10 oz.	20,628	1.79	36,924
	CREME RINSES & CONDITIONERS			
1	Silkience Conditioner Extra Body 15 oz.	30,330	2.49	75,522
2	Flex Balsam Conditioner w/Body 16 oz.	32,328	1.99	64,333
3	Silkience Conditioner Regular 15 oz.	23,562	2.49	58,669
4	Flex Balsam Conditioner Regular 16 oz.	28,710	1.99	57,133
5	Vidal Sassoon Finishing Rinse 8 oz. G60	23,088	2.29	52,872
6	Silkience Conditioner Extra Body 7 oz.	23,778	1.73	41,136
7	VO-5 Hot Oil Treatment 4 Pack HOT-4	10,824	3.49	37,776
8	Wella Balsam Conditioner w/Body 16 oz.	19,920	1.88	37,450
9	Vidal Sassoon Remoisturizing Crm 4 oz. G95	12,276	2.99	36,705
10	Agree Creme Rinse w/Body 12 oz.	18,336	1.99	36,489
11	Tame Condition Clean Rinse Ex Body 16 oz.	15,582	2.27	35,371
12	Silkience Conditioner Regular 7 oz.	19,356	1.73	33,486
13	Agree Creme Rinse Regular 12 oz.	16,800	1.99	33,432

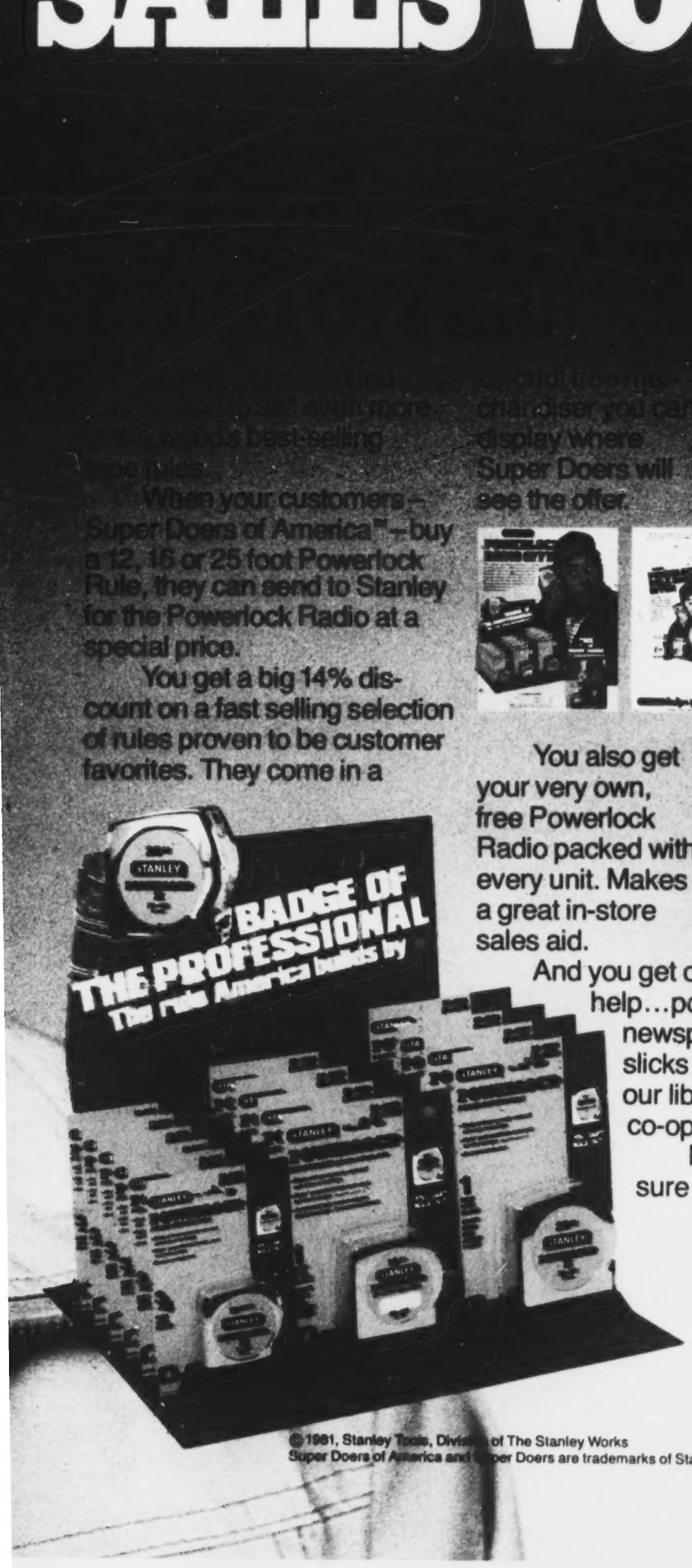
$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	SHAMPOO			
1	Head & Shoulders Shampoo Lotion 11 oz.	54,654	2.79	152,485
2	Head & Shoulders Lotion 15 oz.	38,628	3.59	138,675
3	Flex Shampoo Normal 16 oz.	41,892	1.99	83,365
4	Vidal Sassoon Shampoo 8 oz. G30	35,664	2.29	81,671
5	Prell Shampoo Liquid 16 oz.	29,988	2.69	80,668
6	Head & Shoulders Tube 7 oz.	26,316	2.79	73,422
7	Agree Shampoo Regular 12 oz.	27,360	2.36	64,570
8	Body on Tap Shampoo Normal 11 oz.	27,042	2.37	64,090
9	Faberge Organic Shampoo 15 oz.	34,032	1.84	62,619
10	Prell Shampoo Tube Concentrate 7 oz.	22,032	2.84	62,571
11	Flex Shampoo Oily 16 oz.	28,134	1.99	55,987
12	Agree Shampoo Oily 12 oz.	23,340	2.36	55,082
13	Agree Shampoo Balsam Protein 12 oz.	22,464	2.36	53,015
	ETHNIC PRODUCTS			
1	Dark N Luvly Relaxer Kit	24,569	5.95	146,186
2	T C B Hair Dress 8 oz.	15,793	4.09	64,593
3	Pro Line Curly Kit 00055	6,865	7.50	51,488
4	Sta-Sof-Fro Spray X-Dry 8 oz.	17,074	2.75	46,954
5	Revlon Relaxer Kit Mild	6,056	7.42	44,936
6	Sta-Sof-Fro Spray Regular 8 oz.	15,611	2.75	42,930
7	Ultra Sheen Condition 8 oz.	9,995	3.95	39,480
8	Revlon Relaxer Kit Super	4,849	7.42	35,980
9	Sta-Sof-Fro 16 oz.	8,283	4.25	35,203
10	Revlon Relaxer Kit Regular	6,827	7.42	33,375
11	Sta-Sof-Fro Style Kit 16 oz.	4,792	5.95	28,512

(Continued on page 30)

RADIO PROGRAM SALES VOLUME.

When your customers – Super Doers of America™ – buy a 12, 16 or 25 foot Powerlock Rule, they can send to Stanley for the Powerlock Radio at a special price.

You get a big 14% discount on a fast selling selection of rules proven to be customer favorites. They come in a



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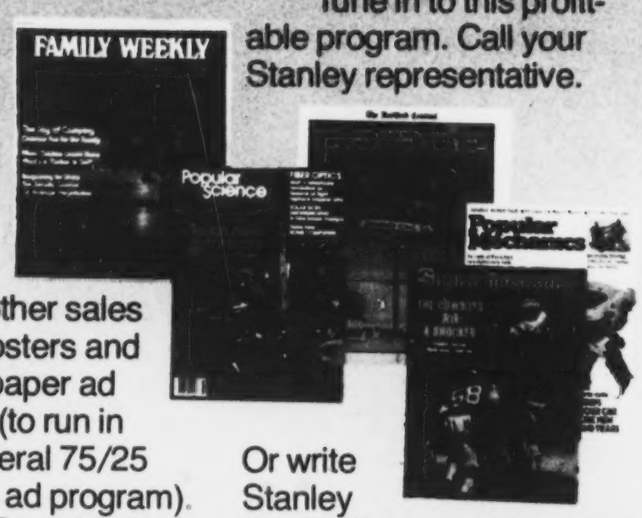
For a full measure of impact,

chandiser you can display where Super Doers will see the offer.

million 4-color ad impressions in Parade, Family Weekly and d-i-y books Super Doers read. They'll be told to come to you to buy the rule America builds by. They'll learn all about the "look-alike" radio offer.

Tune in to this profitable program. Call your Stanley representative.



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Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Diet and Ethnic Areas Led '80 H&BA Gainers

By M. Raymond Prendergast
President, Boston Distributors

The year 1980 saw significant growth in several key health & beauty aid categories. Percentage gains were led by the diet department, with an 82% gain over 1979 sales. Thompson Medical captured the top seven spots and placed 11 sku's in the top 20. Menley & James placed all four sku's of its Dietac brand in the top 20. Allegheny Pharmaceutical placed two sizes of Permathane in the top 20 as did Cumberland with its Sweet & Low brand. Continuing consumer demand, increased advertising expenditures, and intense competitive pressures will afford diet products additional growth in 1981.

Percentage and dollar increases in the ethnic category equaled those of the diet section for us in the past year. Carson Chemical's Dark & Luvly Kit ran away with the leadership of the PMA by showing an excellent response to promotional support. Other kits that scored well were Revlon, Proline, and Ultra Sheen. The conditioner segment was led by T.C.B. which has ended Johnson Products' domination of the market. Sta-Sof held unquestioned control over the spray categories. Retailer support of the ethnic category in footage and ad space devoted to it will yield significant sales increases if retailers merchandise the section with more expertise. The substantial gross margin afforded by this section indicates that its growth has just begun.

Increases in the eye care category (46%) are also expected to carry through in 1981. The increased popularity of soft lenses has led to the emergence of a plethora of new products which have scored well on our PMA. Although Barnes' Hinds Wetting Solution has retained its No. 1 position, Bausch & Lomb's soft lens products enjoyed much of the year's growth. Visine continued to lead the eye care preparation segment.

The vitamin category, stimulated by a strong showing of the Rexall brand and continued increases from Stresstabs, grew by 16% in 1980. Theragran M held on to the No. 1 spot on the PMA followed closely by Rexall's Vitamin C 500mg. Vitamin E from Rexall placed third while One-A-Day and Geritol rounded out the top five. Children's vitamins, led by Flintstones with Iron, took five places in the top 20.

Cold products had a surprising 27% sales increase with Nyquil retaining the No. 1 position. Contac scored in the No. 3

(Continued on page 30)

HEALTH & BEAUTY AIDS

(Continued from page 27)

VITAMINS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Theragran M Tablets *30 Free* 130's	6,996	7.99	55,898
2	Rexall Vitamin C 500MG V3024 100's	15,501	3.49	54,098
3	Rexall Vitamin E 400IU V3043 100's	11,982	4.28	51,283
4	One-A-Day With Iron 100's	9,408	4.19	39,420
5	Geritol Tablets 100's	5,874	6.49	38,122
6	Stresstabs 60's	6,753	5.29	35,723
7	Stresstabs w/iron 60's	5,748	5.79	33,281
8	Rexall Extra Strength Super Plenamin V-963 130's	3,484	9.55	33,272
9	Geritol Tablets 40's	8,904	3.39	30,185
10	Flintstones With Iron 100's	7,572	3.98	30,137
11	Rexall Super Plenamins 100 + 30 Free V943	3,062	7.27	22,261
12	One-A-Day With Iron 240's	2,520	8.29	20,891
13	Flintstones with Iron 60's	6,834	2.89	19,750
14	Poly Vi Sol Drops 50 CC	4,655	4.19	19,504
15	Poly Vi Sol Tabs Chewable 100's	3,690	4.99	18,413
16	Rexall One Tab Daily Plus Iron 100's	8,958	1.98	17,737

COLD PRODUCTS

1	Nyquil Nightime Medicine 10 oz.	28,440	3.69	104,944
2	Dristan Tablets 50's	21,396	3.59	76,812
3	Contac Capsules 20's	24,504	2.99	73,267
4	Contac Capsules 10's	44,952	1.59	71,474
5	Nyquil Nightime Medicine 6 oz.	27,594	2.49	68,709
6	Afrin Spray 15CC	29,232	1.85	54,079
7	Primatine Mist Refill 15CC	11,556	4.43	51,193
8	Comtrex Cold Tablets 50's	13,512	3.69	49,859
9	Dristan Tablets 100's	8,316	5.99	49,813
10	Halls Mentholyptus Bags 30's	64,320	0.77	49,526
11	Dristan Tablets 24's	22,638	1.96	44,370
12	Vicks Formula 44 D Cough Syrup 6 oz.	13,116	3.29	43,152
13	Vicks Formula 44 Cough Syrup 6 oz.	12,972	2.99	38,786
14	Halls Honey Lemon Bags 30's	44,688	0.77	34,410
15	Halls Cherry Bags 30's	42,960	0.77	33,079
16	Robitussin D M 4 oz.	17,382	1.89	32,852

ANALGESICS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Bufferin Tablets 100's	94,410	2.79	263,404
2	Anacin Tablets 100's	80,316	2.65	212,837
3	Excedrin Tablets 100's	47,028	2.97	139,673
4	Bayer Aspirin Tablets 100's	68,052	1.99	135,423
5	Tylenol Capsules Extra Strength 50's	38,586	2.99	115,372
6	Tylenol Tablets 100's	36,696	2.99	109,721
7	Tylenol Extra Strength Capsules 100's	19,764	4.98	98,425
8	Anacin Tablets 200's	19,932	4.69	93,481
9	Tylenol Tablets Extra Strength 60's	28,464	2.99	85,107
10	Bayer Aspirin Tablets 300's	16,428	4.77	78,362
11	Bufferin Tablets 225's	12,906	5.77	74,468
12	Tylenol Extra Strength Tablets 100's	18,108	3.99	72,251
13	Anacin Tablets 300's	9,042	6.15	55,608
14	Excedrin Tablets 225's	9,126	6.09	55,577
15	Arthritis Strength Bufferin 100's	14,658	3.35	49,104
16	Arthritis Pain Formula 100's	15,618	2.98	46,542

DIET PRODUCTS

1	Dexatrim Capsules 28's	37,704	4.25	160,242
2	Dexatrim Ex Strength Caps 20's	38,652	3.98	153,835
3	Prolamine Tablets 20's	32,352	3.49	112,908
4	Dexatrim Ex Str Capsules 40's	9,930	6.98	69,311
5	Appedrine Tablets 30's	23,076	2.98	68,766
6	Control Capsules 56's	9,498	6.98	66,296
7	Dexatrim Capsules 56's	9,294	6.98	64,872
8	Dietac Capsules 28's	12,534	4.95	62,043
9	Permathene 12 Capsules 24's	13,788	4.19	57,772
10	Dietac Capsules 14's	17,412	2.95	51,365
11	Sweet N Low Packettes 100's	33,840	1.44	48,730
12	Sweet N Low Packettes 500's	8,250	5.20	42,900
13	Dietac Pre Meal Tablets 42's	11,358	3.29	37,368
14	Prolamine Tablets 50's	5,706	5.98	34,122
15	Control Capsules 28's	8,340	3.98	33,193
16	Control Capsules 14's	11,436	2.49	28,476

Letting more air out of an old myth.

The world's flat. Stepping under a ladder is risky business. The color green is a no-no for race cars. Blondes have more fun. Spark plugs *must* be replaced by the original equipment brand.

Nonsense. Poppycock. And humbug.

Over 17 million GM owners have discovered their cars run just as smooth and start just as sure with Champions as with the original equipment spark plugs.

Datsun and Toyota owners have made the switch without a twitch. So here are the unvarnished facts: Millions of people out there know firsthand that Champions work as well in their cars as the O.E. brands. Champion, for example, is currently the No. 1 plug in Ford cars. In addition, Champion is out there in the marketplace encouraging even more millions to replace their present plugs with a fresh set of Champions. That's why Champion remains the world's No. 1 seller. And that's no hot air.

CHAMPION®

Your partner, not your competitor.

Champion Spark Plug Company • Toledo, OH 43661

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Diet, Ethnic Hot

(Continued from page 27)

and No. 4 spots preceded by Dristan 50's in dollar movement. Afrin again led the spray segment, ranking No. 6 overall. Vicks 44 D Cough Syrup led the syrups by outselling the regular syrup in both units and dollars.

Bufferin again led the analgesic PMA with its 100's size. The No. 2 spot was held by Anacin followed by Excedrin and Bayer. Tylenol took top brand honors by placing seven sku's in the top 20. Analgesic sales were up 16% in 1980.

The tremendous growth in the creme rinse and conditioner market last year leveled off as we finished the year with an 8% increase over 1979. Silkience climbed to the No. 1 ranking with all four sku's of this hot brand placing in the top 20. Flex, scoring in the No. 2, No. 4, and No. 16 spots showed a significant increase over 1979 despite losing its No. 1 position. A new marketing program for Flex in 1981 may bring additional growth. Another winner in the category was Sassoon with the Finishing Rinse ranking No. 5 and the Remoisturizer placing No. 9.

Shampoos, again led by Head & Shoulders, picked up 16% over 1979 numbers. Flex, Sassoon, and Prell all scored well as each placed multiple sku's in the top 20. Pert, Procter & Gamble's new entry, has done exceptionally well, placing on the annual PMA with only five months of sales.

The lotions, creams, and moisturizers department, experiencing a 14% sales increase, was led again by Oil of Olay 4 oz., while Noxzema 10 oz. took the No. 2 spot followed by Olay's 6 oz. size. Vaseline Intensive Care Lotion dominated the lotion segment by placing five sku's in the top 20. Noticeably absent from this PMA is Procter & Gamble's Wondra, which has not lived up to expectations. Jergens, on the other hand, placed two sku's on the PMA. Fade creams continued to increase dramatically as Porcelana rose from No. 7 to No. 4.

Trial sizes, now a basic department with most chains, continued to thrive—showing a 62% increase. Colgate was our leading trial size in 1980 with Aqua Fresh close behind. Bic Shaver in a 2-pack placed in the third spot. Fragrances are becoming more plentiful in trial sizes on a year-round basis and are doing quite well. Babe, in a 1.25 oz. size, reached the No. 4 spot and English Leather ranked 20th. The impulse nature of this category results in sales that represent plus business. Excellent consumer acceptance of trial sizes and high gross margins make them an important element of any basic H&BA department.

Hills Slates New Unit

HENDERSONVILLE, Tenn.—Hills will open its 84th unit here in the fall of this year. The unit will bring to five the number of its stores in the Greater Nashville area.

NMRI Slates Ad Conference

NEW YORK—The National Mass Retailing Institute will sponsor the 10th Annual Advertising Conference March 11-13 at the Fairmont Hotel in Denver.

The seminar will feature seven sessions. Topics will include the use and future of TV advertising; marketing, and co-op advertising.

Seminar speakers will include advertising executives from Wal-Mart, Washington Distributors, Zayre, Hills, Cook United and Miracle Mart.

Morris Saffer, president of Saffer, Cravit and Freedman Advertising, will discuss "Effective Use of Your Advertising Dollar." Jack Myers, director of marketing for CBS Television Stations, a division of CBS Inc., will speak on "A Formula for Insuring Mass Retail Success with Television."

Consumers will help assess discounters' marketing strategy when 10 shoppers discuss "Marketing the Store to Your Customer."

Four concurrent roundtable workshops will closely examine co-op advertising, with results from each to be discussed in a recap meeting to follow.

Complementing the seminars will be open exhibits, an opening night banquet featuring comedian Ralph Achilles, and a gala reception sponsored by Media Graphics and Advo System.

Gerald W. Jacobskind, NMRI's educational services director 212-354-6600 has more information.

The 11th advertising conference is scheduled March 10-12 in Miami Beach, 1982.

Recession Impact

(Continued from page 2)

for many categories, resulted in gross margins declining for most categories.

The exceptions were furniture and home furnishings—a hard goods fashion area being exploited by a growing number of discounters—and housewares, where continued high turns helped to counter small declines in markups to produce higher gross margins—up 2.3% for housewares and 2.5% for furniture and home furnishings.

Conventional department stores suffered sharper drops in gross margins for many categories despite maintaining and even improving markups. This resulted from higher markdowns and stock shortages and lower turns.

Adding It Up

In ladies' wear, for example, discounters boosted gross margins 4% but conventionals had only a 1.1% gain, while in children's, discounters had a 7.9% boost.

In furniture and home furnishings, discounters were able to boost gross margins by 2.5% despite a 1.2% drop in markup. Conventionals increased markup by 1.3% but suffered a three-percentage-point decline in gross margins due to flat turns and a 4.5% increase in markdowns.

The overall trend in the comparison of discounters' performance, as reported in the Cornell Study, with the results of conventional department stores with more than $100 million in sales tracked in the MOR report, showed that the markup gap between the two types of retailers widened.

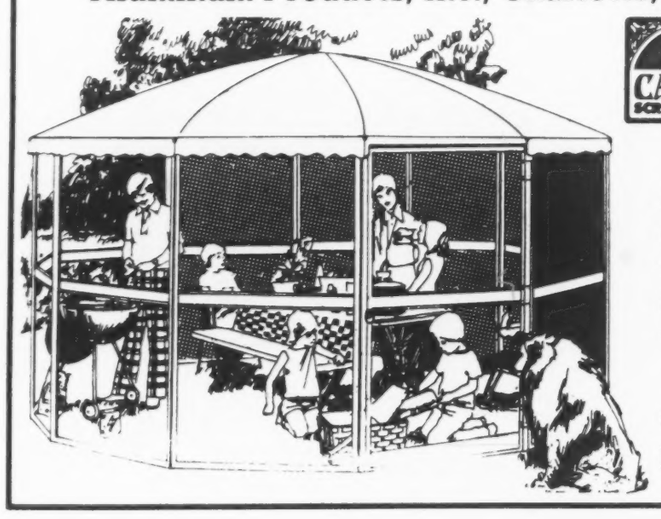
How to turn 6½ square feet of gondola space into a major profit center.

Brand New! a 27x39, full-color carton label that turns every CASITA screenhouse carton into a hard-selling display — using only approx. 6½ sq. ft. of gondola space.

This display, with or without a new 34½"-diameter CASITA mini-screenhouse (fits an adjacent gondola top) is made specifically for gondola operations, home centers, catalog showrooms and smaller stores lacking space for a full-size display.

This is a *selling* display. Now you can cash in on extra profits with these highly-profitable, seasonal items, *regardless of store size*.

Write or call toll-free today for more details! CASITA, General Aluminum Products, Inc., Charlotte, MI 48813. 800-248-8705.



CASITA SCREENHOUSE

The Instant Family Fun Room!

Turns any backyard or patio into a family fun center. 90% pre-assembled, sets up in 20 minutes using only a screwdriver. Cool and bug-free relaxation for the whole family!

Available in a variety of sizes and color combinations to suit any preference.

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MONARCH HAS OCR ACCURACY "LOCKED UP."

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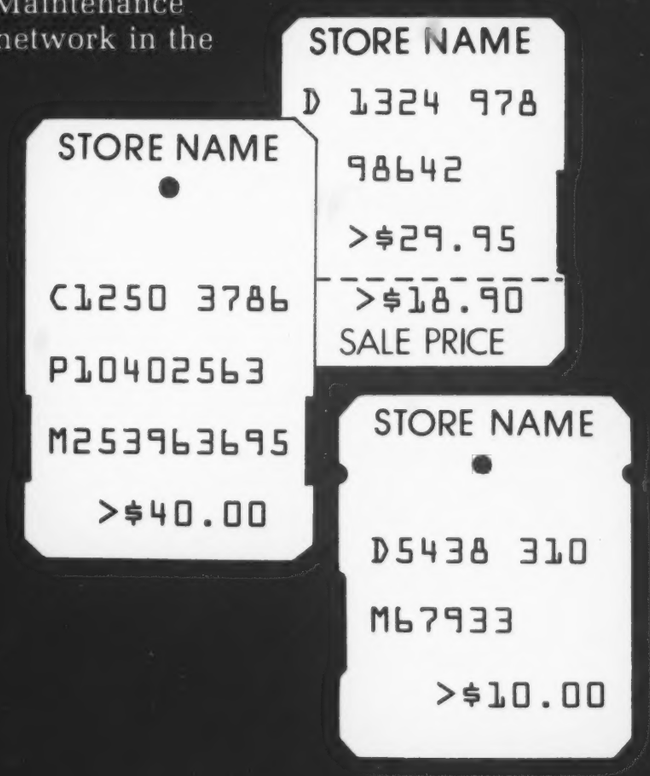

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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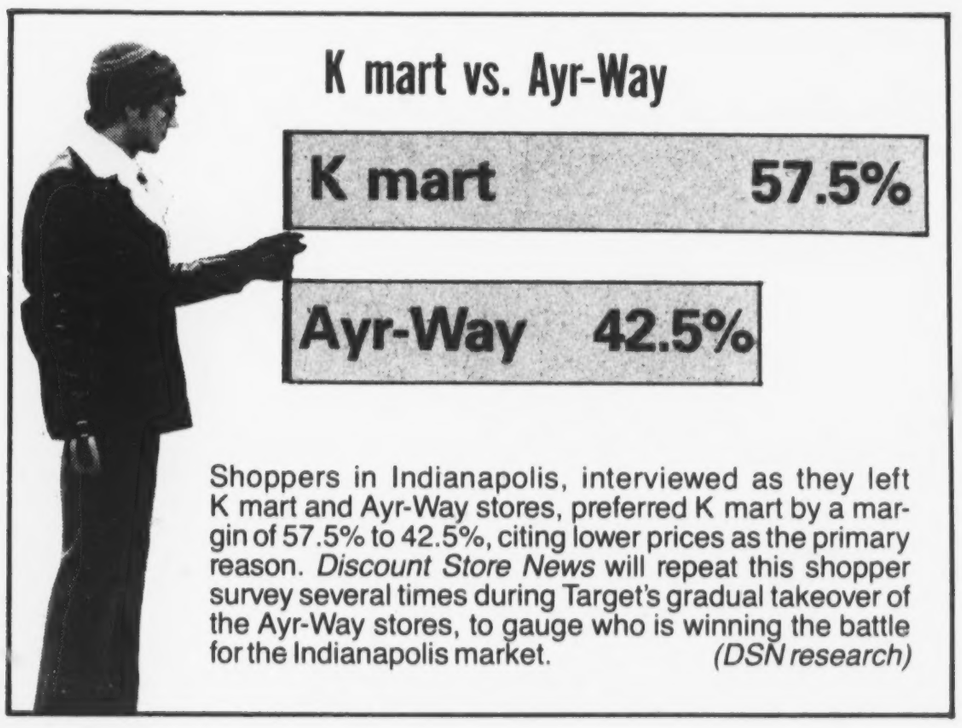


Shoppers in Indianapolis, interviewed as they left K mart and Ayr-Way stores, preferred K mart by a margin of 57.5% to 42.5%, citing lower prices as the primary reason. *Discount Store News* will repeat this shopper survey several times during Target's gradual takeover of the Ayr-Way stores, to gauge who is winning the battle for the Indianapolis market. *(DSN research)*

Poll: Ayr-Way Customer Base Will Support Target Takeover

DSN Analysis

INDIANAPOLIS—Ayr-Way has built a solid base of customers here who are likely to feel very comfortable in Target's upscale, neat-as-a-pin stores.

While K mart's strong consumer franchise here—based primarily on low prices—can not be ignored, Ayr-Way customers indicated (in a poll of shoppers taken by *Discount Store News*) that quality merchandise, clean stores and convenient locations are important.

The poll also found Ayr-Way customers were more affluent, made average purchases almost double the amounts spent at K mart, and were more likely to shop conventional department stores in Indianapolis.

This all points to an opportunity for Target to move very smoothly into the Ayr-Way stores with little danger of displacing the existing customer base, while also getting a shot at attracting dollars that were, in the past, spent at Block's and Ayrs—the chains mentioned most often by Ayr-Way customers as "other department stores most frequently shopped."

The opportunities for Target lie in housewares, hardware,

(Continued on page 5)

Discounters and Catalogers Attack Threatened FTC Warranty Crackdown

Nationwide DSN Report

Discounters and catalogers alike are angry over recent Federal Trade Commission (FTC) threats to "crack down" on enforcement of presale warranty availability.

"Instead of cracking down on a regulation that costs retailers and consumers a lot of money, and doesn't benefit either one, the FTC should be looking for ways to make retailing more productive as a business," said Jamesway chairman Herb Fisher.

The FTC has warned that any failure to comply with the law making warranty information available to consumers could result in a $10,000 fine for each violation, should less stringent enforcement efforts fail.

Irving Rosenbaum, chairman of S. E. Nichols, asserted his chain makes every effort to comply with the law and vowed "we will fight," should the FTC try to impose any fine.

Much of the anger comes from an apparent lack of consumer interest in seeing warranty information before the sale.

"We're still waiting for the first customer to come in and ask for our warranty book," said Alvin Glosser, president and chief operating officer of Glosser Bros.

The FTC is aware of Glosser Bros.' experience with the warranty book, as that chain was one of 17 called upon by the National Mass Retailing Institute (NMRI) to show the Commission what the response of their customers had been to the presale information.

"We sent 500 store-manager

(Continued on page 64)

Pistner 'Targeted' For Top Ward's Job

(At presstime, Montgomery Ward and Dayton Hudson were expected to announce the selection of Dayton Hudson's Stephen L. Pistner as the new president and chief operating officer of Montgomery Ward.)

NEW YORK—Steve Pistner's selection to head Montgomery Ward seems almost preordained.

Mobil Oil, parent of Montgomery Ward, would very much like its retailing division to emulate the success that Dayton Hudson has had with Target—where the discounting "tail" has started to wag the dog.

Pistner's situation at Montgomery Ward is a reprise of the circumstances he faced

(Continued on page 64)

Wall Decor Consolidated for Upgraded Fashion Look

Nationwide DSN Report

Wall decor departments are becoming more important in discount department stores, as buyers flock to the high-margin, seldom promoted and not highly customer-identifiable profit builders that make up most wall decor assortments.

Like domestics, apparel and furniture—other departments that have gone fashionable—wall decor offers an opportunity to build a solid profit producer in a category (home decor) that is experiencing rapid sales increases.

While wall decor is normally segmented throughout the store as space allows, many buyers said the category could

(Continued on page 59)

Framed pictures are getting better treatment: Typically used as main aisle traffic draws in chains like TSS (insert) the category is now getting mini-department status, here within Jefferson's home decor department. *(DSN photos)*

Caldor/ADG Merger Proposal Unveiled

NORWALK, Conn.—Carl Bennett, president of Caldor, has dropped the other shoe.

Last year, when Bennett disposed of large blocks of his personally held Caldor stock, most industry observers and analysts felt certain there was more to it than Bennett's avowed desire for cash, or his gradual weaning of Caldor from his leadership.

Bennett has maintained that there are several—at one time he said six—"young tigers" in the Caldor organization who can run the company in his absence, whether short-term or permanent.

Now, with the announcement of the proposed merger of Caldor and Associated Dry Goods (ADG), Bennett has answered those critics by making the resources—management and financial—of ADG available to fuel Caldor's continued growth.

Cash in the amount of $135 million, and 2.8 million shares of ADG convertible preferred (worth approximately $140 million with a likely coupon added) make up the ADG offer, which also includes an option of taking five-year nontransferable notes from ADG, to a maximum of $38.5 million.

The five-year notes will be issued only to shareholders electing to receive them, and will not be issued in denominations under $25,000—making them unattractive to most shareholders. Institutions do not want nontransferable notes, nor do they wish to forego a voice in the operation of the company. For small shareholders, the $25,000 minimum gets in the way.

But for Bennett, the five-year notes could ease the tax burden of this deal by spreading his profits out over

(Continued on page 64)

Upbeat Note Rings Out At Jan. Housewares Show

CHICAGO—Upbeat was the word discount store and catalog showroom merchandisers and manufacturers used to describe the January housewares show.

The positive signs ticked off by merchandisers from such chains as Best Products, Jefferson/Wards, Zodys, Jamesway, H. J. Wilson, Venture, Rose's, Caldor, W. Bell, Ann & Hope and Maloney's included:

Show photos, Pp. 52-53.

- Stable prices. Manufacturers have been holding the line on prices for the first half, a Zodys executive noted. Price increases have averaged about 5%, with a change for a buy-in at the older, lower cost, a Best merchandiser added.
- Availability of merchandise despite some manufacturers' reports of tight inventories. A Jamesway buyer explained that the chain's housewares programs and the goods to support them were set before the show. An Ann & Hope merchandiser added that manufacturers were able to "squeeze out" the quantities needed for his chain of four stores.

Conservative buying was the concern of an H. J. Wilson executive. "Buyers could end up without enough goods to sup-

(Continued on page 60)

Jamesway Aims Its Expansion At N Y-N J Area

SECAUCUS, N.J.—Jamesway, which sold its three Ohio stores to Harts Family Center, will open at least three units this year—including two acquired stores—as it focuses its expansion within the tristate New York, New Jersey and Pennsylvania area.

Next month the discounter will open two 65,000-sq.-ft. stores in New Jersey: one in Flemington, a former Barkers; and one in Pompton Plains, a former United Discount Store. A third new store is slated to open in Carmel, N.Y., this fall.

Jamesway is also negotiating the financing of a projected 43,000-sq.-ft. store in Kenneth Square, Pa., a suburb of Philadelphia, as well as the acquisition of a number of other units, a company executive said.

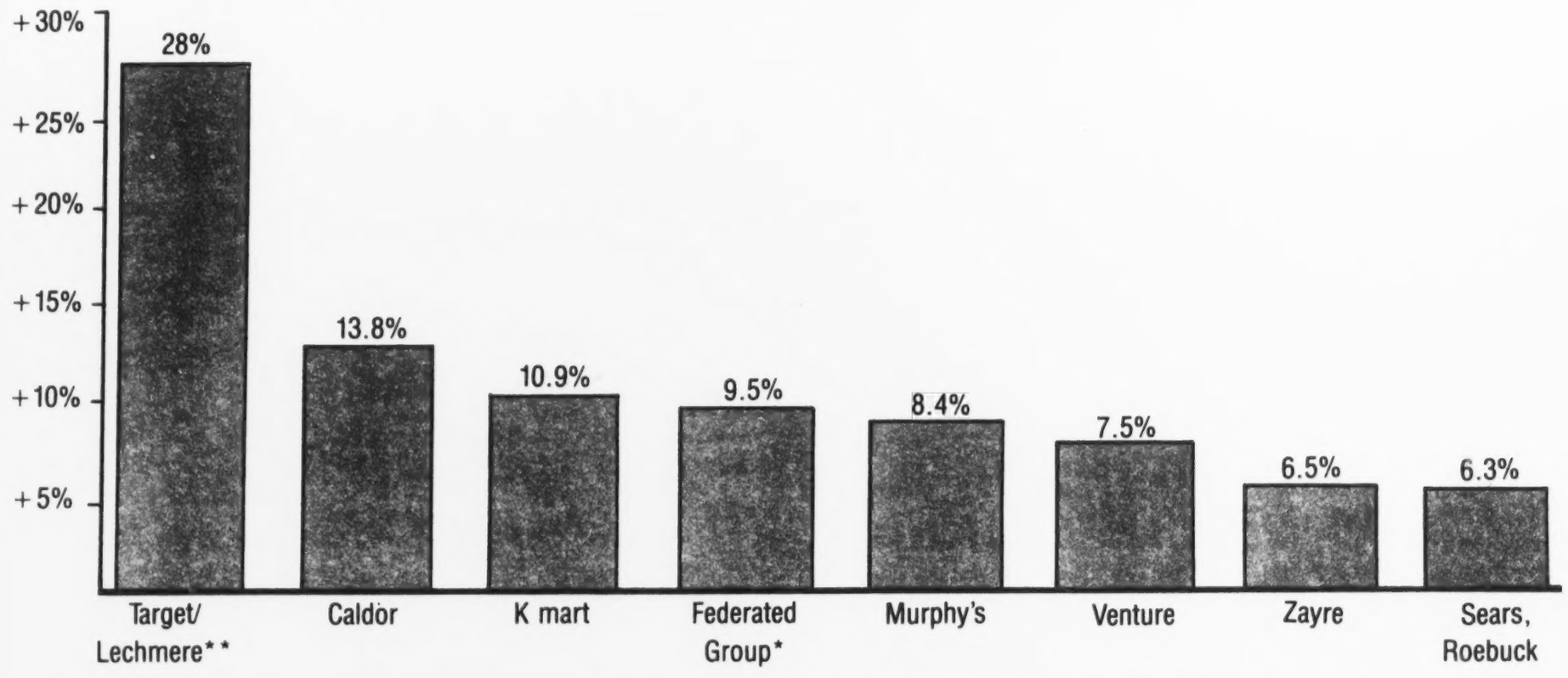
The three new stores will bring Jamesway back to 63-store strength.

Harts at presstime reopened the three former Jamesways in Celina, Del. and Greenville, Ohio. These three stores boost Harts' count to 22, with 20 in Ohio and two in adjacent West Virginia.

Jamesway had sold the three Ohio stores, the executive ex-

(Continued on page 6)

Target Hits the Mark With December Sales



Target, as the dominant Dayton Hudson discount department store chain, led the way in December sales gains, with a 28% rise (along with Lechmere, the other arm of DH's "low-margin" group). Sales gains at Target only, during the combined November-December sales periods, were 25%, and group volume increased 51% (for December) when the 40-store Ayr-Way volume was added in. Dayton Hudson reported an overall same-store gain of 11% for the December period, with Mervyn's, the California-based soft lines chain jumping 33%. K mart, with sales during the period ended Dec. 31, 1980, of $2.3 billion, rebounded from its dismal single-digit increase in the preceding month to a 10.9% gain, still weak for the chain that used to average 17%-18% gains. Caldor, which was working on a strong 1979 Christmas (almost 20% higher sales that year) managed a 13.8% increase over 1979 with sales of $130.3 million. Murphy's 8.4% sales gain came in a season when the chain operated 450 stores, 28 fewer than had been in operation during the preceding Christmas. Executives of most chains credited the last few days of the season with very strong sales, and added that the strong sales continued after Christmas and into January. "The shoppers waited until the last minute," said a Zodys merchandiser, "and then they started spending. They had some money left after Christmas, and they kept on spending."

***Target and Lechmere comprise the Dayton Hudson "low-margin" group, and recorded a 28% gain in combined volume in December. Inclusion of the 40-store Ayr-Way volume boosts the gain for the group to 51%.*

**Federated's "mass merchandising" group includes Gold Circle, Gold Triangle and Richway. Much of the gain reportedly comes from Richway.*

Industry Talks Point to Personnel Training, Energy-Saving Innovations

Bradlees Revamps Management Preparation

NEW YORK—Bradlees has a new management training program, and with it comes a fresh, decentralized approach to all areas of human resource development.

The emphasis is not only on a new idea, but also on how to teach and learn the idea, diffusing it from headquarters into the field, an all-important progression for regional chains like the 80-unit Bradlees. Checks to assure achievement of three goals—assessing needs, ongoing communications, and educating managers and personnel on all levels—were built into the program.

The Manager Orientation/ Training Program was a year in the works, three months in the testing stage, and has been in operation for about six months, a Bradlees spokeswoman told the annual National Retail Merchants Association convention here. The internally developed program assimilates the best training methods from each of the chain's regions, where training programs used to originate.

The Human Resource Development (HRD) staff has devised several reporting tools to keep new practices, which affect personnel from part-time to corporate ranks, in check.

"Our objective is simple: to make sure people know what they need to know to get their jobs done," Ann Johnson, HRD manager, told the assembled retailers. "By educating managers, we keep ourselves educated."

The management training program focuses on six areas: shipping and receiving, flow of merchandise, accounts payable, personnel, front-end and loss prevention. A trainee becomes a department manager in four weeks or a sales manager in about six months. Training is supervised by a senior trainer who schedules training films; distributes the Bradlees dictionary of terms and the "red book," which includes checkoff sheets in which trainer and store manager follow trainees' progress; and is in constant communication with each trainee under his or her supervision.

Although training procedures have been streamlined so each trainee is apprenticed under the store-level personnel in charge of each of the six areas of study, without evaluation checkpoints instructions might get put on the back-burner during major in-store events, Johnson explained.

"The most important single document is the performance appraisal," she said.

Performance sheets, like those in the red book, help distribute responsibility and keep open communications between Braintree headquarters and stores.

Frequent meetings with division heads, personnel staff, store managers and regional trainers at headquarters are also part of the plan, taking place as often as every period. (Bradlees is on the period calendar; one period is four weeks long.)

In addition to going into the files at Braintree and stores,

(Continued on page 59)

K mart Electrical Usage Cut By Conservation

TROY, Mich.—K mart reduced electrical consumption as much as 19% last year in stores that installed energy conservation controls in 1978.

The energy conservation programs, which generally pay for themselves in a year, include coupling lighting to store computers, installing better dampers on heating and cooling system, installing load shedders to reduce peak electrical demand and using infrared heating instead of fossil fuel heat in auto service centers.

An 84,000-sq.-ft. store in Cleveland, Ohio, recorded a 19.1% drop in total kilowatt-hour consumption in 1979, according to Emmett W. Mills, K mart's supervisor of utilities.

Mills, speaking before the National Retail Merchants Association meeting in New York recently, said the program also required stores to set thermostats at least 10 degrees lower from one-half hour before closing and put back on the following morning.

In some stores, Mills said, load shedding devices were also installed to prevent lighting and heating or air conditioning units from being turned on simultaneously at opening time in order to minimize usage during peak demand periods. In stores without the equipment, personnel were instructed not to turn on lighting until the store's normal temperature had been reached.

Corporate studies also have revealed to the chain that 20% of a store's heating bills comes from its auto service center, which accounts for only about

(Continued on page 59)

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GOOD SPORTS. Sporting goods buyers will skew mixes to basic soft lines and growth-potential hard lines in 1981. P. 17.

NO FUN IN GAMES. There wasn't much fun in games, be they electronic, board or preschool, as last year drew to its disappointing close. P. 25.

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Vol. 20, No. 3 Feb. 9, 1981

Glendinning Regional Insert—Pp. 24A-24B.

Goldberger, Hills Founder, Pres., Steps Down

CANTON, Mass.—Herbert H. Goldberger, founder of Hills discount department stores, stepped down Jan. 31 after 24 years as president.

Following in his footsteps as chief executive officer will be his son, Stephen A. Goldberger, formerly executive vice president.

The senior Goldberger will retire to Florida but remain affiliated with Hills' parent company, SCOA Industries.

Peter Hays, vice president, hard lines merchandising, will replace the younger Goldberger as the new vice president, merchandising and sales promotion.

John C. Brouillard, senior director, finance and management systems, will be the new vice president, finance and administration.

Eugene J. O'Donnell, divisional merchandise manager, hard lines, will be the new vice president, hard lines merchandising.

And Leonard M. Casey, hard lines buyer, will take O'Donnell's place as divisional merchandise manager, hard lines.

Herbert H. Goldberger

Ammo Is No. 1 on PMA Hit Parade: P. 46

Sporting Goods Show Section

DISCOUNT STORE NEWS FEBRUARY 9, 1981

Stay-at-Home, Fitness Trends Cheer Buyers

Upgraded Hard Lines, Basic Soft Goods Key '81 Plans

Nationwide DSN Report

Discounters today are finding the formula for sporting goods department success includes upgraded hard lines and a return to basics in soft lines—with the stay-at-home phenomenon and physical fitness craze adding extra sales.

Although the 1981 outlook for sporting goods is good—especially in the second half of the year—buyers are not reporting extensive overall expansion of departments. Rather, they are cutting selection in some areas in order to make room for new items in one or two growth sections.

Sporting goods is an area that has attracted increased promotional attention. While most promotions focused on popular categories such as exercise equipment, combination rod and reel sets and lawn games, some have also been seen in high-ticket items such as rods, reels and firearms, offsetting sluggish sales patterns and inducing impulse accessory buying.

High-margin fishing and camping accessories (other than Coleman products) have also been drawn into the promotional action due to their traffic-pulling potential.

An area gaining attention is boxing equipment, thanks to a host of very popular boxing-related movies, such as Rocky, Rocky II and Raging Bull. While for most discounters the

(Continued on page 48)

Gross Margin, Sales Per Sq. Ft. Rise Nearly 4%

	1970	1974	1975	1976	1977	1978	1979	1980	10-year change	5-year change	'80 vs. '79
Dept. Size (sq. ft.)	2,200	2,500	2,500	2,500	2,600	2,650	2,550	2,500	+12.0%	NC	– 2.0
Annual Turns	2.6	3.0	3.0	4.5	4.3	3.5	3.5	3.1	+16.0%	+ 3.2%	–11.4%
Volume per sq. ft.	—	$69.00	$72.00	$122.58	$118.34	$120.32	$124.13	$129.00	—	+44.2%	+ 3.8%
Initial Markup	31%	33%	34%	34%	34%	34%	35%	35%	+11.4%	+ 5.7%	NC
Gross Margin	29%	26%	27%	26%	29%	26%	27%	28%	– 3.4%	+ 7.1%	+ 3.6%
Company-run	81%	90%	91%	96%	96%	96%	96%	96%	+15.6%	+ 6.3%	NC

NC—No change. *Source: DSN Research*

Improved sales performance—a nearly 4% increase in gross margin and volume per square foot—has discounters taking a closer look at their sporting goods departments.

The continued emphasis on activewear selections, for one, will mean bigger departments, higher sales levels and improved gross margins. Department profits should also benefit from the consumer shift to family-oriented sports—fishing, backpacking, and camping. This shift has already spawned sales growth in these categories, and has convinced many chains to develop stocks of accessories—a high-margin area which will pump extra profitability into the department.

Many chains have cut back on their firearm business—another move that has improved overall gross margins.

Discounters also benefited from a trade-up trend in such categories as exercise equipment and lawn games, but some of the profit potential was dampened by accelerated promotional activity in these areas.

Fishing Gear Is Cast in Role of Strong Biz Gainer

Discounters Spur Imports, Especially of Terminal Tackle

Discounters pick fishing gear for another year of volume growth, based on strong sales patterns during 1980 and continuing consumer demand for inexpensive leisure-time activities.

Combination sets—popular among occasional and inexperienced fishermen—were popular ad highlights last year and promise to repeat that function in 1981. Terminal tackle and other accessories were also steadily tapped for promotion last year, although in 1981 buyers plan to continue developing methods to stop the margin erosion this promotional activity triggered.

For instance, major efforts are being made at T.G. & Y., Roses, Hills and Prange-Way to fine-tune jobber servicing of fishing departments by restricting item listings and planogramming item layouts.

Roses began its planogramming program with terminal tackle and lures, and buyer Steve Overcash attributed the department's sales and profit growth last year to the system's ability to keep up with these fast-moving, high-margin items. "Our stores are jobber-serviced every two to three weeks," he said. "In this way we manage to keep a good in-stock position, improve stock turns and keep in touch with the different regional tastes within our selling area."

Roses' Stores and Prange-Way shored up category margins by creating their own label in combination sets—hand-tailoring the selection let the chain determine and control margins.

"I went for price point and cosmetic attractiveness," said Overcash. "I can control the margin levels since customers can't so easily make price comparisons with our competition's selection."

Contents of the Mix

Overcash carries 10-12 custom-made combo sets to augment his selection of prepackaged sets. He works for a 25% to 33% gross margin with this mix, and maintains price points in the $16.97 to $22.97 range. Combos are advertised eight times a year.

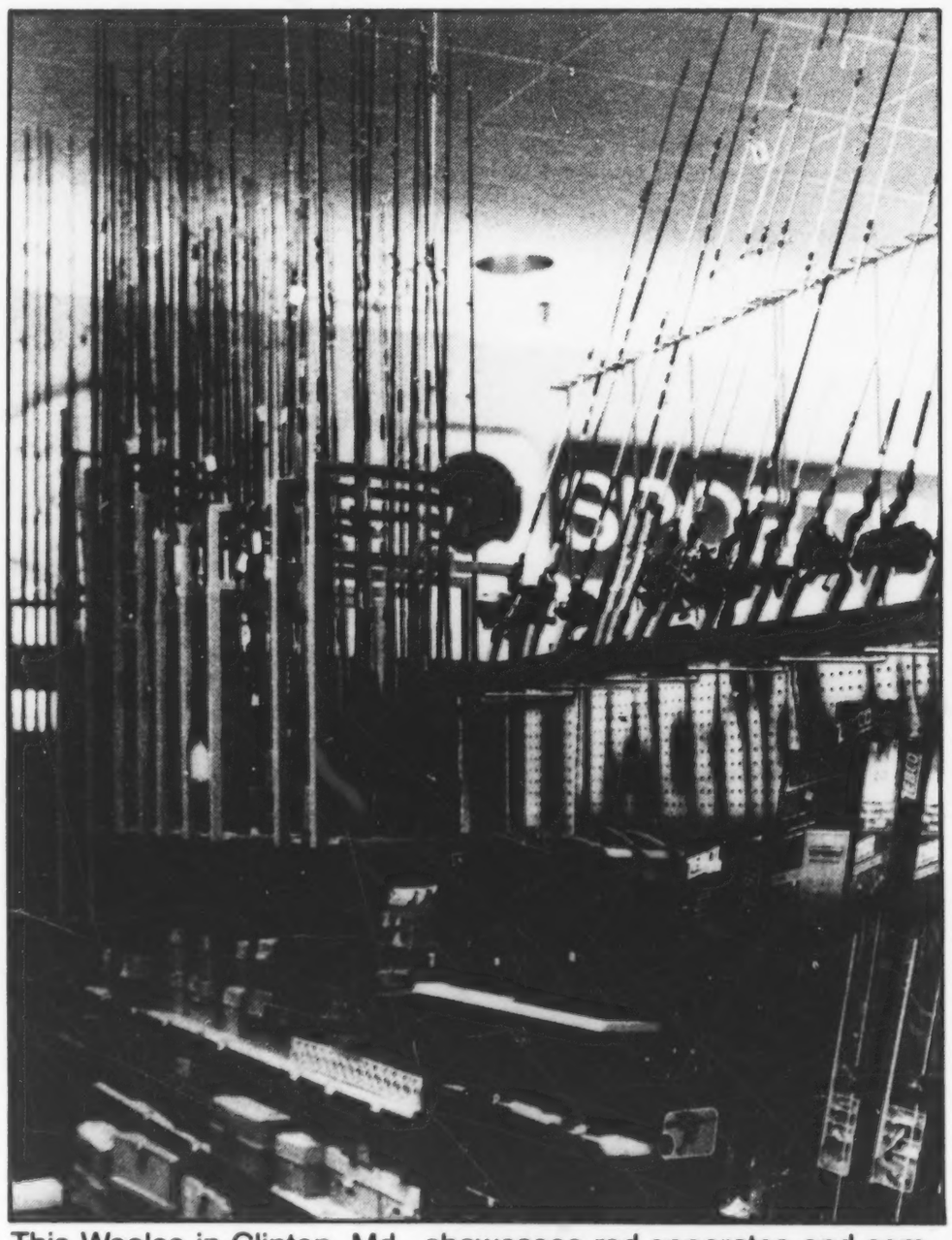
Prange-Way also advertised its combination sets eight times—from late March until Father's Day—at gross margins between 10% and 25%, according to buyer Gene Arnold. Arnold went heavily into combination sets last year with 20 sku's of prepackaged combo sets.

David Husher, buyer at ALCO, took a different tack with his assortment of fishing gear, which he described as "fish out of the trunk of your car" basics. ALCO offered 20-25 combination sets (mostly Zebco products priced between $7 to $40), the strongest dollar contributors, according to Husher.

Promotional activity was minimized to a five-times-a-year schedule, keyed primarily to gift-giving holidays, at less than 10% gross margin. "The ad activity brought consumer awareness of our selection," said Husher. "Everyday sales of combination sets were very strong, and reaped a 35% to 40% gross margin."

More and more discounters, such as Woolco, Hills and T.G. & Y., are building more profitable fishing sections by

(Continued on page 48)



This Woolco in Clinton, Md., showcases rod separates and combination sets in a unique rack display that allows the items to be stacked. *(DSN photo)*

Toy Fair Section

Patrons Resist

(Continued from page 25)

Preschool sets priced above $10 experienced a sales falloff. This was an unusual trend for this category—most buyers had believed that parents would be willing to pay a high price for these toys. The best evidence of this price resistance could be found in the widespread markdowns in post-Christmas sales.

Shifting Emphasis

As a result, the preschool category will undergo heavy pruning for next season, as buyers shift inventory dollars into lower-ticket items.

Razor-thin profit margins, cost increases and heavy competition have convinced many buyers to pare sku's of other big-ticket, highly promotional categories—especially electronic games and other TV toys—and to continue to emphasize higher-margin basic toys that can pull in traffic yearround.

"We've all but walked away from TV dolls," said Richard Casey, merchandise manager, Bradlees, where the category was shaved from 7-8 sku's to 2-3 for 1981. "There's no play value and customers resist the high prices. We'd rather put our money into good, basic dolls."

Burl Ratcliffe, buyer at Heck's, feels that some of the prices for electronic games were out of step with those traditionally expected at discount chains. "We're moving into staple goods and getting out of big-ticket items that get footballed all the time," he said. "We don't want to lose touch with our discount image and that means sticking with quality items at certain price point levels."

Ratcliffe plans to add another 12 to 16 running feet to his board game category (currently 44 feet) to stock more quantities of the same sku's. The move is just one of the steps the chain plans.

Merchandising Move

One category that has come to the rescue of the toy business's bottom line is miniature wheel goods. Toy buyers are extracting extra gross margin dollars by adding imported and domestic off-brand lines to their selections, a move that brings variety and lower price points from which to choose. These off-brands are winning considerable consumer acceptance in a category once dominated by Matchbox and Mattel's Hot Wheels. Since these latter two manufacturers have increased their costs, consumers appear willing to switch over to less-expensive, lesser-known models. The icing on the category's cake is that promotional emphasis isn't needed to spur sales.

Preschool, board games, plush and model sets will continue to receive more attention from discounters in 1981, as they did last year.

Road race, radio-controlled and train sets vied with electronic games for the same customer dollar and lost. Most consumers tended to purchase only one or two big-ticket toy items this past Christmas, and when it came to making a choice between the two, the more exciting electronic game won the sale.

This year could become one of the most basic toy years in recent memory if buyers stick with their avowed strategies, and if the consumer continues to prefer toys with good play value, at reasonable prices.

Toy Dept. Sales Per Sq. Ft. Rise Nearly 8%

Toys	1970	1974	1975	1976	1977	1978	1979	1980	10-year change	5-year change	'80 vs. '79
Dept. Size (sq. ft.)	3,300	2,746	2,800	2,746	2,646	2,646	2,646	2,660	−19.4%	−5%	+0.5%
Annual Turns	5.0	4.5	4.5	3.8	3.8	3.7	3.7	3.8	−24%	−15.5%	+2.7%
Volume per sq. ft.	—	$87.00	$85.00	$111.60	$116.28	$120.50	$130.03	$141.00	—	+39.7	+7.8%
Initial Markup	32%	33%	34%	33%	34%	33%	33%	36%	+11%	+5.5%	+8.3%
Gross Margin	28%	28%	29%	29%	29%	28%	26%	29%	+3.4%	NC	+10.3%
Company-run	88%	94%	94%	96%	96%	96%	96%	96%	+8.3%	+2%	NC

NC—No change *Source: DSN Research*

Toy department sales per square foot jumped nearly 8% industrywide in 1980 (on a minimal square footage gain), once again aided by extra dollars from high-ticket electronic games as well as from increased turnover of faster-moving basic toys. Price increases also pushed volume higher.

The move to more basic selections was reflected in the 10.3% climb in gross margins and the 8.3% rise in initial margins over those reported in 1979. Based on 1980 results, toy buyers say they will be giving higher priority to lower-price-point goods.

Last year, many found consumers refusing to buy costlier preschool and plush toys and traced the greatest unit movement among the lower-priced items in these categories. Also, the buyers were trimming inventories and avoiding TV toys.

Die-cast Biz

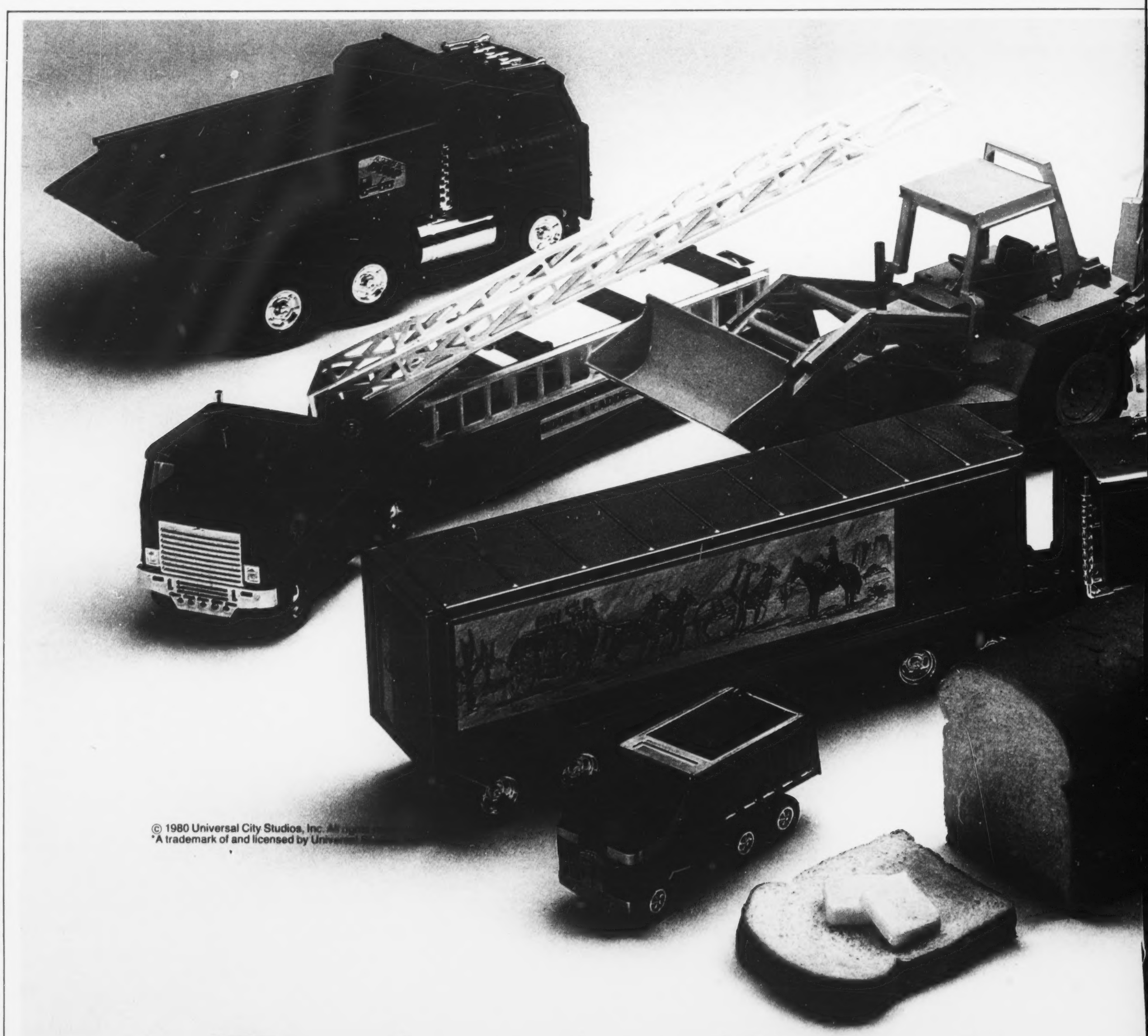
(Continued from page 25)

"We don't advertise die-cast toys much," said Lionel Gleichenhaus, vice president of merchandising, Jefferson. "They're impulse items and their initial price is already very low to spur sales." The chain has run a dollar-day promotion on its import lines from Kidco and JRI, however.

Heck's buyer Burl Ratcliffe features two "take your choice" ads during the fourth quarter, shaving prices on the Big Two to 88¢, and his import line (JRI) to 66¢. Three weeks before Christmas, Caldor promoted Hot Wheels for 97¢ (regularly priced at $1.29), and Matchbox vehicles at 99¢ (also $1.29 everyday).

The fourth quarter also sees discounters expand selections to include die-cast play sets. At ALCO, buyer David Hayes has had such success with the sets that he now carries 10 sku's year round. "The sets give the customer more play value per purchase at a better price." Hayes promotes the under-$10 sets several times during the last months of each year.

Roses, however, limits its assortment of play sets. "Sales are only good in the last 60 days of the year," Shatley explained.



Your bread and butter line.

Everyone's talking about getting back to basics, where the steady profits are. But that's right where ERTL Toys have always been. Here in the Iowa breadbasket, we produce your staple diet—a full line of basic, fast-moving steel and die-cast toys with the quality, detail and unbeatable prices your customers eat up. Nobody buys just one.

And this year, ERTL has enriched the line with a new smaller 1/48-scale Kenworth steel truck series. That means you can offer a full selection of Blueprint Replicas™ in all three of your most popular sizes.

Discount Store News

PRODUCT MOVEMENT AUDIT

Ammo Triggers Yule Promos in Sporting Goods

By Don Petti
President,
Stem Distributors

Christmas promotional activity was on the minds of discounters as orders for BB guns, basketballs, ammunition and assorted camping take-alongs (flashlights, pocket knives and compasses) headed the Product Movement Audit for the month ended Dec. 1.

First place went to the Remington 22-cal. LR Thunderbolt ammunition, representing $10,658 at retail on the shipment of 7,300 items. Over 80% of the dollar movement came on promotional buying. In second place was the Ash Disposable Flashlite; 86% of the 6,168 units shipped were on ad.

The Spalding Dribbler basketball ranked third, with more than 90% of the 708 units on promotion, representing $8,574 worth of orders for the month. This was a popular gift item this past Christmas.

In fourth place was the Daisy Pal BB Gun Repeater, a favorite first-gun gift for beginners. During the month, 507 pieces were sold, nearly 74% of them bought on promotion.

(Continued on page 47)

Activewear

(Continued from page 22)

partment. The newly formed section also includes a 30-in. Spalding performance sock program.

Bob Caliento, divisional merchandise manager, Caldor, had brand quality and price points in mind when he created a casualwear section. "Casualwear has become affordable again," he said. "More customers are turning to the more affordable basic sweatsuits today."

Caldor gives 15 ft. of double piperacks to basic sweatshirts, jackets and pants, Wilson fashion sweats (also called separates) for $8.99 to $22.99, and Winning Ways warm-ups, priced as high as $55 for velour suits. Wilson running shorts, ranging from $9.99 to $11.99, round out the apparel mix.

Caldor promotes the category almost weekly. During one such sale (held three weeks before Christmas), basic and fashion sweats were promoted for $6.74 to $16.40, while Wilson running shorts sold for $7.20 to $8.20.

Woolco stocks gray and navy sweatjackets, pants and shirts on 18-ft. cube shelving (four shelves), and highlights its fashion warm-up suits off a row of 10 waterfall racks. Both assortments are kept within the chain's price-point range for basic apparel.

SPORTING GOODS

These sporting goods figures, for the November to December period, were supplied by Stem Distributors, Maple Heights, Ohio, and cover 85 chains, representing 600 full-line discount stores. Stem distributes to 22 states east of the Mississippi River.

HUNTING AND AMMUNITION

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	TB22 Remington 22 LR Ammo Thunderbolt	7,300	1.46	10,658
2	7105 Daisy Pal BB Gun Repeater	507	13.60	6,895
3	40 Daisy Giant Pack BB Shot	4,572	1.50	6,858
4	179 Daisy BB Six Gun Pistol	391	13.14	5,138
5	737 Crosman Super BBS Milk Ctn	2,592	1.33	3,447
6	1500 Remington 22 Cal 100 Pack LR Ammo	1,000	3.29	3,290
7	5760/760 Crosman BB/177 Rifle	89	33.32	2,965
8	STLI1-4 Remington Steel Shot Sheel	300	9.55	2,865
9	30064 Remington .30-06 Spr-field 180GRGR	281	9.71	2,729
10	STL12-2 Remington 2¾ Steel Shot Shell	440	5.72	2,517
11	DQ12-8 Remington Dove-load S/G Shell	440	5.72	2,517
12	SPI1-6 Remington 2¾ Express Shell	260	7.60	1,976
13	STL12-2 Remington 2¾ Steel Shot Shell	200	3.55	1,910
14	5766/766 Crosman BB/177 Pellet Rifle	46	40.03	1,841
15	SPIA-5 Remington 2¾ Express Shell	240	7.60	1,824
16	R30301 Remington .30-30 Shell 150GR	235	7.62	1,791
17	2200 Crosman .22 Cal Pellet Rifle	38	43.15	1,640
18	1377 Crosman Pump Pistol BB/177	44	33.97	1,495
19	SPI6-5 Remington 2-3/4 Express Shell	200	7.30	1,460
20	SPI2HMAG4 Remington 12GA 3-in Magn Shell	120	11.82	1,418

FISHING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3490 Zebco Combo 33 Reel w/3366 Rod	80	28.74	2,299
2	ML40 Shimano Skirted Spinning Reel	58	29.61	1,717
3	MII0 Shimano Skirted Spinning Reel	64	25.82	1,652
4	3790 Zebco Combo 808 Reel w/8965 Rod	31	39.17	1,214
5	6312 Daiwa 6' 6" Spin Rod Med/Act 2PC	43	19.28	829
6	1515 Zebco Combo US76/4077 Rod/Lure	49	15.71	770
7	Zebco Combo 600 Reel w/4060 Rod	43	17.18	739
8	808 Zebco Spincast Reel Heavyduty	31	23.05	715
9	6313 Daiwa 7' Spin Rod 2 pc	37	19.28	713
10	1245 Zebco Combo 202 Reel w/2023 Rod	68	10.16	691
11	6430P Diawa 5' 6" Cast Rod	26	24.54	638
12	6019 Diawa 5' Ulspin Rod 2 pc	33	19.28	636
13	1545 Zebco Combo 404 Reel w/4040 Rod	46	13.74	632
14	1663CG Diawa 7' Popping Rod	34	18.35	624
15	MC2-38 Diawa Minicast Combo	18	32.34	582
16	90CGP Diawa 5' 6" Cast Rod 2 pc	36	15.76	567
17	144XL Zebco Spin Reel Close Face	21	25.53	536
18	1682CG Diawa 6' 6" Spin Rod 2 pc	32	15.76	504
19	1340ACGP Diawa 5' 6" Cast Rod 1 pc	38	12.27	466
20	9300/231AP Diawa Spincast Combo	35	12.66	443

CAMPING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Ash Disposable Flashlite	6,168	1.51	9,283
2	Champion Gal. Camping Fuel	1,392	4.58	6,370
3	4040 Sterno Fuel 3/5M Can Pak	1,860	2.61	4,855
4	Ash Anglehead Camper 2D Lite	1,680	2.40	4,028
5	Precise Scout 4-Blade Knife	843	4.11	3,465
6	11128 Precise Rancher 2-Blade Knife	571	3.66	2,090
7	1735AS Flambeau Sportsmen Mug	162	11.73	1,900
8	1129 Precise Fisherman 2-Blade	536	3.34	1,792
9	127 Igloo Fiesta 12-Pack Cooler	80	15.33	1,226
10	BPFNF6 Rapla 6" Fillet Knife	98	8.58	841
11	Ash Disposable Pocket Lite	684	1.17	802
12	11835 Precise 1-Blade Fold Deer Knife	39	16.45	642
13	16931 Precise Scout Swiss Knife	33	15.75	520
14	23212 Precise Pathfinder Compass	106	4.81	510
15	7876 Allison Galaxy Compass	89	5.11	455

(Continued on page 47)

GE Rechargeables. The now generation in profitable power.

The General Electric Rechargeable Battery System.
Made for *today's* world of many battery-powered electronic devices. GE Rechargeables are right for them—and right for you:

- With higher gross margins per sale than throw-away batteries!
- Built-in repeat sales—1 charger can pull through 8 battery sales in a year!
- Average annual profits were, in one case, as high as $11,985* per square foot!

The NOW battery your customers will demand
Revolutionary General Electric Rechargeable Batteries can last for years. They're today's simple, convenient alternative to throwaways. And exclusive features like our GE Double Charger will build customer loyalty to GE Rechargeables fast—for more sales and more profits.

A Program with PULL
General Electric pulls customers into your store looking for the savings, performance, and the convenient advantages of GE Rechargeable Batteries with:

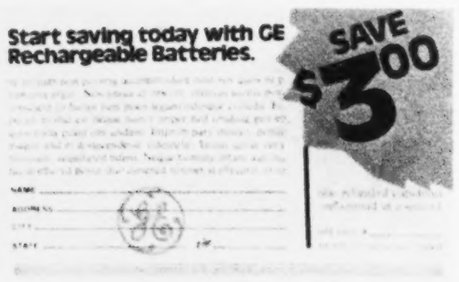
- National consumer advertising
- $3.00 Rebate Coupons—consumer print, ad slicks and P.O.S.
- Major network TV game show exposure
- New, high impact pre-packs and merchandising aids
- Co-Op—a great new radio jingle and ad slick program
- Multi-million consumer impression PR campaign

National Print Ad with Coupon

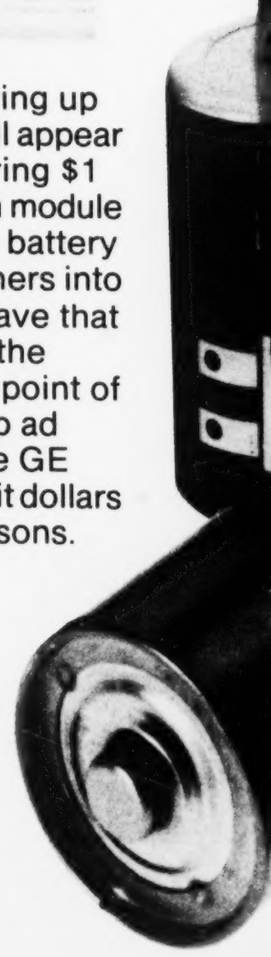
In the fourth quarter, major consumer magazines like MONEY, PARENTS, LADIES HOME JOURNAL, REDBOOK, BETTER HOMES AND GARDEN, and NEWSWEEK will feature full page, full color GE Rechargeable Battery ads which inform, educate, and motivate your customers. And the $3 Rebate Coupon in every ad—over 18,000,000 coupons in all—sells the profitable system designed to deliver the steady power today's electronic toys and devices thrive on.

The performance battery America will demand is GE Rechargeable.

$3 Consumer Rebate



First, the coupons offering up to a *$3 system rebate* will appear in consumer print, offering $1 off on each charger, each module with batteries and each battery package. Pulling customers into your store. And you'll have that same coupon again on the pre-pack display at the point of sale and...in your co-op ad slicks to turn even more GE Rechargeables into profit dollars during peak selling seasons.



K mart, Milford, Conn., carries 26 ft. of outdoor games. Like other discounters, the chain is tuning in to the renewed growth in this category. *(DSN photo)*

SPORTING GOODS

(Continued from page 46)

Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COLEMAN			
1	220 K195 Dbl Mantle Lantern	151	42.65	6,440
2	425 E499 2-Burner Stove	89	42.45	3,778
3	Adj. Catalytic Heater	36	62.40	2,246
4	275-710 Lantern	45	44.50	2,002
5	5114-700 Propane Lantern	64	30.99	1,983
6	16.402 Propane Fuel	492	3.57	1,756
7	413G 499 2-Burner Stove	24	56.43	1,354
8	Propane Stove Econ.	14	55.46	776
9	Oscar Cooler 4 Gal	36	11.53	664
10	275A0481 Globe F/275-5114 Lantern	108	4.18	451
11	690-0481 Clear Globe for 220	138	3.14	433
12	220E5891 Lantern Generator 220	102	3.04	310
13	275-764 Case F/220-275 Lantern	20	15.28	306
14	220 137101 Lantern Accessory Kit	65	4.34	282
	MISCELLANEOUS			
1	Spalding Dribble Basketball	708	12.11	8,574
2	Spalding M. Johnson Basketball	492	13.97	6,873
3	X4000 MacGreg Bill Walton Basketball	126	17.06	2,150
4	MacGreg Buddy Boxing Set	65	29.70	1,931
5	MacGreg Speed Bag 13 X 8	72	25.34	1,824
6	25235 Precise Pedometer Stride Adj	123	14.30	1,759
7	SB100 Asst Roll Solar Belt	252	3.83	1,688
8	SS300 Lrg Boll Solar Shorts	95	10.10	1,680
9	SS300 Med Boll Solar Shorts	78	10.10	1,379
10	X1000 MacGreg Basketball	180	9.08	1,364
11	HH-20 MacGreg Speedbag Platform	40	29.38	1,175
12	61-723 Spalding Pele Soccerball	78	14.14	1,103
13	SBL501 MacGreg Le Continental Soccerball	72	8.65	1,090
14	HS106 MacGreg Speed Bag 11 X 8	28	34.51	966
15	SBR50 MacGreg #5 Americana Soccerball	90	10.50	945
16	HS113 MacGreg Speed Bag 10 X 7	60	13.82	829

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Ammo Promos

(Continued from page 46)

The Daisy Giant Pack BB shot ammunition ranked fifth, most likely for tie-in sales with the BB gun orders. Four thousand five hundred and seventy-two units were shipped during the period, 96% on ad.

Close behind the BB shot ammunition was the Spalding Magic Johnson basketball in sixth place, representing $6,873 in retail dollar volume. Of the 492 items shipped, 90% were on ad.

Retailers also were urging camping-related gift-giving with orders for Coleman's 220 Double Lantern. The 151 units ordered needed no boost from ad sales as this is a strong year-round seller.

Another high-ranking tie-in sale item was Champion 1-gal. Camping Fuel, which came in eighth representing $6,370 in total volume on shipments of 1,392 units. No promotional movement was reported for this item.

The Daisy BB Six Gun pistol was also a popular gift item this Christmas, not only for its appeal to teenagers as first guns, but also for its relatively lower price point. Shipments of 391 units—99% of which were bought on ad—put the item in ninth place.

Completing the top 10 products for the month was the 737 Crosman Super BBS Milk Carton—with 2,592 units shipped.

Honorable mention must be given to the boxing equipment items which made it to the top 20 products within miscellaneous sporting goods. This is a new line for Stem, and it's right in the heart of its selling season as ad merchandise. Leading the category in unit sales was MacGregor's Buddy Boxing set, of which 65 units were sold (17 on ad).

Rods and reels loose and in combination sets shared equal footing within the top 20 fishing gear items. Combinations sold well on ad at Christmas, as fishermen looked for inexpensive fishing equipment this past year. But rod and reel separates are beginning to make a comeback as consumers replace older equipment. Eighty of Zebco's Combo 33 reel with 3366 rod were shipped—representing $2,299 in dollar volume. Half were sold on promotion.

Outdoor Games

(Continued from page 22)

Husher links the growth to the women's softball leagues that have sprouted up in his selling markets.

"More women are working and joining leagues sponsored by the local parks," he explained. "Slow-pitch softball is viewed as a good, easy going form of exercise."

Softball plays an important traffic-drawing role in the outdoor category, especially in gloves. "Gloves are very competitive in our markets," said Kilgore. "The profitability potential is high initially in gloves, because people buy brand and quality rather than go for price."

410,000,000
Adult Impressions

General Electric Rechargeables will be featured on many of

America's most popular nightime TV game shows. Delivering over 410,000,000 adult impressions. Educating those viewers. Building demand. Building preference. BE READY for them. Stock the full GE Rechargeable line for great profits per square foot from your battery space.

PROFITS

An extremely successful profit story—one West Coast mass merchandiser reported estimated annual profit per square foot averaging $11,985.* This can become even more impressive with the impact of GE's complete new 1981 program.

The product and the program that mean profits for you are here. So write your own success story with the General Electric Rechargeable Battery System—today's profitable alternative to throwaway batteries.

We bring good things to life.

GENERAL ELECTRIC

Spring Car Care Buy-In: Pp. 18-34

Robinson Summarizes 44 Years at Murphy: P. 11

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Designer Jeans Spur Surge in Back-Door Buying

Discounters May Hit $300M in Bootleg Name Brands

(Because bootlegging is an extremely sensitive subject, Discount Store News *departs from its usual practice of disclosing all sources. To name all the names would only injure men who are helping the industry break all the old brand-name barriers.)*

Exclusive DSN Report

Spurred by the remarkable surge in designer jeans, brand-item bootlegging will this year account for a record share of discounter business.

While hard figures for this back-door buying are not readily available, a survey by *Discount Store News* uncovered estimates as high as $300 million at the going rate of this underground business—a tidy sum, when you consider that this amounts to more than 1% of the industry's apparel business. And the guess is that there will be more bootleg buying this year. In fact, designer names such as Gloria Vanderbilt, Jordache and Calvin Klein—and Levi's jeans—will be more readily available than ever before.

"If you have enough volume and the ability to pay," said a Target buyer, "you don't have to call them. They call you."

See editorial, p. 6.

According to this Target buyer, bootleggers today are "as aggressive as any jobber in the market" in going after big discount store business.

Trading margin dollars for

(Continued on page 42)

"Last week a big East Coast discount chain called me back to order 160,000 pairs of Levi's. They had tried me earlier but didn't like the price, so they went shopping. But they had to come back to me because I'm the only one who can do it."—One of the nation's largest bootleggers of Levi's jeans.

A Typical Bootlegger Tells It Like It Is

As Discount Store News *researched this story, we talked to a great many apparel bootleggers and retailers. The following is part of an interview with a typical bootlegger.*

"I got into the business gradually, over several years, starting small and adding more and more stores to my supply network as I went along. Most of these stores where I get my goods are mom-'n'-pops or small chains, afraid to take the plunge and become a large-scale diverter, but in need of a way to make a few dollars without a lot of work.

"I've known most of them for years, but I wouldn't say we're friends. In fact, some of them are prostitutes, who would drop me in a minute if someone offered them a nickel more.

"This is the way I work my system. I call my sources and let them know how much I need for them to get for me—could be a few hundred pairs, could be thousands, depending on the size of the source and how much he can buy without alerting the manufacturer.

"When the stuff arrives, they call me and let me know, and I tell them where to ship the goods. For some big customers, I warehouse the goods, so sometimes it gets sent to me. Other times, it goes direct to the customer's warehouse.

"In either case, I pay my people up front. I take their word for the amount they owe, and send them that much plus their percentage, which is anything from 5%-8%. I just have my bank wire their bank the money. I don't get paid until later.

"With some chains, I get 90% of the invoice almost immediately and the rest after the goods are checked in, but other chains have normal 15-day or 30-day accounts."

Runway models show Caldor men's wear managers spring basics: branded fashion jeans with stylized pockets, and broad mix of sports tops to dress up or down. *(DSN photo)*

Caldor Rainbow Logo Bows as Apparel Brand

WESTPORT, Conn.—The Caldor rainbow logo premiered as an apparel brand at a fashion preview held here by the chain, as it moved to sharpen its competitive stance in today's brand-oriented marketplace.

The logo program, which underscored the chain's faith in its consumer franchise, was shown at a spring men's wear preview for store-level employees. It will complement an expanded "raccoon" line (Caldor's answer to the Lacoste alligator); a new activewear line carrying tennis star Rod Laver's name; an NFL line, and Lee and Wrangler programs fine-tuned to coordinate with Caldor's fashion merchandising.

"It's our way of doing branded business," said divisional merchandising manager Joe Friedman, referring to the rainbow appliques that will make their debut on unisex short ($6.99) and shirt ($11.99

(Continued on page 37)

DSN Readers Invited to Vote For Discounter of the Year

NEW YORK—It's time once again to select the Discounter of the Year, and for the first time voting is open to all *Discount Store News* readers.

On the ballot, which you will find on p. 5, a distinguished slate of leading discount department store executives compete for the honor of joining Sam Walton, chairman of Wal-Mart, and Carl Bennett, president of Caldor, winners in previous years. Voting closes March 30.

Your vote for Discounter of the Year should be based on the nominee's contribution to discounting in 1980, and you'll find capsule comments next to each man's name to help you make your decision.

The winner will be honored at DSN's annual SPARC (Supplier Performance Award by Retail Category) banquet in Chicago next August 16th, at the Hyatt Regency, during the hardware show. The new inductee of the discount Hall of Fame, which has in the past honored the late Marty Chase (founder of Ann & Hope), Harry Cunningham, founder of K mart, and Sam Walton of Wal-Mart, will also be feted.

(Continued on page 5)

The Touche Ross/DSN Discounter Management Development Series appears on p. 17.

K mart Gives Rebate on Own Goods (2 Drips)

By Arthur Markowitz

TROY, Mich.—K mart is offering rebates on its own lines of merchandise, probably the first such offer by a discounter.

The chain is offering $5 rebates on two 10-cup drip coffeemakers in its controlled brand K-lectable and La Collection Fleurs lines of traffic appliances.

The offer is also good for one of the longest continuous periods for a rebate—a full year.

While the two drip coffeemakers are the first K mart controlled brand items rebated, national brand electrics that are exclusive K mart goods have been rebated in the past and are also currently included in name brand manufacturers' rebate offers.

General Electric's 35-item rebate offer on electric housewares, in effect through May 31, includes a $5 rebate for the DCM 17 clock-timer drip coffeemaker and a $3 rebate for the T-94 toaster oven. The two kitchen electrics are sold only by K mart.

North American Systems' Mr. Coffee seven-item rebate that runs through June 28 includes a $7 rebate for the CBS-800 10-cup drip coffeemaker, which is primarily sold by K mart.

A K mart spokesman said the company's rebate is avail-

(Continued on page 5)

Chains Minimize White-collar Salary Test-Level Rise

Nationwide DSN Report

Discounters, who have been concentrating store-level supervision among fewer people—area and group managers primarily—for several years, expect little impact from new white-collar salary test levels slated to become law next month. Area and group managers at most discount department stores already earn more than the proposed new minimum.

(The new $225 wage test level was originally to take effect on Feb. 13, but was postponed by the Reagan Administration, which has proven, initially at least, more resistant to the labor lobby and more responsive to business groups like the National Mass Retailing Institute and the Association of General Merchandise Chains. The existing salary test level is $155.)

Those chains that have maintained department-, area- or group-manager salary levels below the proposed new limits, however, could find compliance costly.

At Zayre, for example, a spokesman said "an undetermined number of area managers are earning less than the proposed minimum," and will either have to be switched to an hourly rate or given raises if the new salary levels become law.

Executives from most other discounters contacted, including Woolco, Heck's and T.G. & Y., said low-level management salaries at their chains are already higher than the proposed $225 minimum, and those employees are exempt from Government overtime provisions.

Department managers (who are not members of management in most cases, although they do have minimal supervisory duties), are generally paid less than the proposed minimum but are compensated at an hourly rate and receive overtime. Under the current white-collar salary test levels, retailers are required to pay employees overtime at an hourly rate if more than 40% of their time is spent in nonmanagerial functions and their base pay falls below $155.

Most discounters questioned said the trend toward hiring group and area managers to take over the managerial duties of the department heads predates increased salary test levels, and will help discounters cope with them if they become law.

A spokesman for Hills said, for example, the company concentrated the responsibilities of department heads and area managers several years ago into the hands of four assistant managers assigned to each store, reducing the number of potentially exempt employees.

For the most part, the chains that have expanded the roles of group, area and assistant managers have either eliminated or drastically reduced the number of department managers.

Ron Tortelli, a ShopKo vice president, said management responsibilities for maintaining the various departments are assigned to three to six area managers in each store.

Tortelli said the chain has not had individual department managers for years, except in its larger stores where a specialized person is required in fabrics or automotive.

A similar management technique has been used in Richway, since the discounter's in-

(Continued on page 38)

OSHA Pay Rule Is Postponed

WASHINGTON—Retailers will not be under Government mandate to pay employees who accompany Occupational Safety and Health Administration personnel on inspections—until at least March 29.

A rule requiring that retailing employees be paid for such work was introduced by the Carter Administration in January but adoption was postponed.

Charges Dropped Vs. Jamesway 2

NORWICH, N.Y.—All criminal charges against two Jamesway employees here have been dropped, according to the Chenango County district attorney's office.

Indictments charging extortion had been returned against the employees in connection with security practices at the store early in 1980, but were dismissed last August by a local judge. At that time the judge gave the district attorney the right to air the allegations against the men before a second grand jury, but the district attorney "is satisfied with (Jamesway's) security policies," according to a release from Jamesway, and has decided not to seek a new indictment.

'Turning Point' to Be Theme of NMRI Convention

NEW YORK—The theme of the National Mass Retailing Institute's 1981 national convention in Bal Harbour, Fla., is "Turning Point."

The theme challenges discounters to merchandise against economic factors and, especially, new developments in the marketplace.

The high cost of money, spiraling inflation and expensive energy join flea markets, specialty malls, off-price stores and other new retailing concepts in fueling hot competition for consumer dollars in 1981 and years to come.

The turning point in the 80's will be in an emphasis on mixes of continually improved quality (including brand names).

Arthur Kanoff (left) of the Arnel-Plastron Div., United Merchants and Manufacturing Inc., who is chairman of the National Mass Retailing Institute (NMRI) sports committee and Stu Horton, publication director of *Discount Store News* examine one of the many trophies that will be awarded to winners of the sports competitions at the NMRI convention this May in Bal Harbor, Fla. DSN, Pepsi and the NMRI will again co-sponsor races of 6.2 miles (10 kilometers) and 2 miles, scheduled for an 8:30 a.m. Sunday starting time. The sports program will also include tennis and golf. The theme of this year's NMRI convention, set for May 9-13 at the Sheraton Hotel, is "A Turning Point."

K mart Biz Hits $14B For Year

TROY, Mich.—K mart's sales in the fiscal year ended Jan. 28 hit $14.2 billion, an 11.5% increase from the $12.7 billion reported for the previous fiscal year.

The percentage increase was one of the smallest reported by the company in recent years and was sharply under its 19.3% compounded annual growth rate for the decade ended in 1979.

The $12.7 billion volume in the 1979 fiscal year was a 12.8% increase from the $11.7 billion generated in the 1978 fiscal year which, in turn, was a 17.6% jump from the $9.9 billion reported for the 1977 fiscal year.

The 1980 sales gain outpaced the 8.3% rise in store count: to 2,242 K mart and variety stores from 2,069.

The discounter's sales in the four weeks ended Jan. 28 were $837.5 million, up 8.6% from $770.9 million.

More Remodelings Projected

Zayre Arm Unifies Presentation, Store Planning

FRAMINGHAM, Mass.—Zayre has restructured its merchandise presentation, store planning, training and private label activities into centralized departments under a newly created division, Merchandise Presentation and Stores Development.

The company has promoted vice president Stephen Wener to the post of director of the new division. Previously, he had managed the Volume Impact Program and also held district and store-level managerial posts.

Wener reports to Malcolm L. Sherman, executive vice president, as do the heads of other key Zayre divisions, including the general merchandise manager; the president of the Necto apparel division; the director of sales operations, and the director of marketing.

The new division coordinates all aspects of merchandise presentation and store planning and is the link between the stores and Zayre's real estate, marketing, merchandising and sales/operations divisions.

Zayre in the past half-dozen years has developed a new fashion look, using such advanced fixtures as waterfalls, movable baskets and zigzag gondolas.

This effort, under the Market Development Program, has resulted in the refurbishing of 130 of Zayre's 250 stores, with the remake, so far, of virtually all the units in five key markets: Boston, Chicago, Miami, Washington, D.C., and Tampa-Orlando.

Stephen Wener
Heads New Zayre Arm

The MDP program, which included the direct involvement of Sherman and Zayre president Maurice Segall, has been credited with helping the discounter boost sales and earnings and enhance its position as a neighborhood convenience discount store.

The new division enhances the MDP effort by bringing together "anything relating to the presentation of goods to the public, store ambience, training of salesclerks and planogramming of merchandise," an executive said.

Zayre plans an "aggressive opening program in the future" and additional store renovations, he added, that will be carried out by the new division.

MPSD brings together into four departments various aspects of merchandise presenta-

(Continued on page 4)

Zayre Buys 4 Communitys

CHICAGO—Zayre has acquired four closed Community Family Centers here for an undisclosed amount of cash to boost its store count in the metro market to 26.

K mart continues to be the dominant Chicago area discounter with 40 stores, but most of its units are outside of the inner-city market, while most of Zayre's stores are in it.

The four acquired Community stores are on South Halsted, South Cicero and North Clark in inner-city areas and on North Lincoln in Lincolnwood, just north of the inner-city market.

Zayre started negotiating for the four stores late last year while Community was owned by a group of investors headed by Donald Lazar. It completed the deal with the new owners of Community, Herbert and Michael Saywitz, who purchased the company three months ago.

The Saywitzes also own the May's Family Centers chain which has 13 stores in the Greater Chicago Area in Illinois, Wisconsin and Indiana.

A Zayre spokesman said the four acquired stores would be refurbished to fit the chain's new upscale fashion look.

Sale of the four stores to Zayre leaves the Saywitz interests with seven Community units, including three in the Chicago market outside of the inner-city area.

In This Issue...

FLEA IN THE OINTMENT. Flea market operators are obtaining current goods, mostly for cash, as they become a bigger retail factor. P. 12.

ROCKY ROAD. Automotive departments face an uphill sales drive this year, merchandisers report. See special Spring Car Care Buy-in section. Pp. 18-34.

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Vol. 20, No. 4 Feb. 23, 1981

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Seasonals Top The List; Waxes Drop From Sight

By Herbert Rechter
President, Allied Accessories and Auto Parts

Winter seasonals dominated this Product Movement Audit for the one-month period ended Jan. 19.

A scraper/squeegee/snowbrush, a popular deicer and heavy duty sealed beams made it to the top of the charts while waxes, polishes and even the increasingly popular poly waxes dropped off entirely.

The real news this time is not in the rank of the items but in the total dollar and unit movement figures that go along with them.

Many of the 1,700 discount operations we service began to experience a drop-off in sales following an impressive first half.

It appears tough times will be with us at least through May, when a lowering of interest rates may bring about a reversal that will help 1981 end with a bright note as far as final sales figures are concerned. Until then, most discounters' operations will be tight, with buyers going back to basics.

There won't be any real "stars" in 1981 except, perhaps, the myriad of new poly waxes making it onto the scene. Many chains that stocked only one poly wax when they first appeared on the market last year are now carrying five and six.

But the higher margins the waxes can bring are already evaporating, as the number of waxes on the market continues to increase and prices are footballed. Soon margins may be no higher than those on the conventional waxes.

It also remains to be seen how strong the higher-ticket poly waxes will remain. Already the manufacturer of one regular wax—DuPont's Rain Dance, has begun to fight back and is telling purchasers that the Rain Dance shine is as good as a poly shine and can be obtained at a fraction of the price.

Accessories with a functional use, in particular those that can be given as gifts around holiday times and graduation will have an edge in the coming months. Two Sun indicative timing lights made it onto the top 100 products in the current PMA, and they did it despite declining sales of other tune-up equipment.

The higher-ticket Sun light came out on top. The light, which retails for $49.99 on average, moved 396 units and placed 11th as a total dollar producer. Its $29.95 cousin moved 182 units and placed 72nd.

Another highly functional accessory item that made a strong showing this year was an auto

(Continued on page 21)

Automotive

These automotive PMA figures are for the month of January. They were supplied by the Allied Accessories and Auto Parts Co., Madison Heights, Mich., and cover 2,000 stores, including 1,700 discount stores in 33 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	2 ton hydraulic floor jack	1,762	69.99	123,322.38
2	1	HD sealed beams, 6014	9,798	3.29	32,235.42
3	7	Motorcraft oil filter, F1-1A	8,564	3.49	29,888.36
4	—	Foot pump with gauge	2,076	10.99	28,815.24
5	—	Scraper/squeege/snowbrush	13,464	1.99	26,793.36
6	5	Gumout Jet Spray, 13 oz	10,976	2.39	26,232.64
7	10	A.C. spark plug, R45TS	19,120	1.29	24,644.80
8	30	Roberk wiper blade refill, RR16	10,127	2.19	22,178.13
9	80	One-piece auto ramp pair	956	21.99	21,022.44
10	37	Quaker State Deluxe, 10W-40	18,216	1.12	20,401.92
11	—	Sun Inductive Timing Light, CP7501	396	49.99	19,796.04
12	—	Prestone spray deicer	10,584	1.69	17,886.96
13	19	Pennzoil Deluxe, 10W-40	15,140	1.12	16,956.80
14	9	Gumout carb cleaner, 16 oz	8,483	1.99	16,881.17
15	50	Large rectangular sealed beam	1,934	7.99	15,452.66
16	21	Pennzoil All-Purpose, 10W-30	13,961	1.09	15,217.49
17	8	A.C. oil filters, PF-25	3,852	3.79	14,599.08
18	64	GM 8-cyl Uniset, OEM	1,738	8.39	14,581.82
19	24	Fix-A-Flat tire inflator	12,200	1.19	14,518.00
20	—	Roberk Wiper Blade refill, RR18	6,350	2.19	13,906.50
21	66	Square sealed beams, low 4452	2,730	4.99	13,622.70
22	78	A.C. spark plug, R44T	10,200	1.29	13,158.00
23	6	STP Oil Treatment, 15 oz	6,671	1.89	12,608.19
24	47	Delco 8-cyl tune-up kit, 101-2	1,850	6.39	11,821.50
25	27	WARCO Dot Brake Fluid, qt	3,036	3.89	11,810.04
26	20	WARCO Dot Brake Fluid, 12 oz	7,896	1.49	11,765.04
27	—	Prestone starting fluid	5,879	1.99	11,699.21
28	36	HD sealed beams, 4000	4,128	2.79	11,517.12
29	55	GM 8-cyl Distributor Cap (DR1976)	2,279	4.991	11,372.21
30	—	12-ft Booster cable, Sleeved	1,513	7.29	11,029.77
31	29	Bars Leak, 15 oz	5,662	1.89	10,699.29
32	—	Roberk Wiper blades, RW1316	4,644	2.19	10,194.45
33	13	6 amp battery charger	400	24.99	9,996.00
34	—	Valvoline Dexron ATF, qt	8,181	1.12	9,162.72
35	68	Auto bulbs, two on a card	10,174	0.89	9,054.86
36	34	Rislone Oil Alloy, 32 oz	4,317	1.99	8,590.83
37	25	A.C. spark plug	6,584	1.29	8,493.36
38	35	Bars Leak, 5½ oz	6,575	1.29	8,481.75
39	48	3 section antenna with booster	1,031	7.99	8,237.69
40	75	GM 8-cyl Tune-up Kit	2,287	3.59	8,210.33
41	—	Gumout carb cleaner, 12 oz	4,896	1.59	7,784.64
42	44	Quaker State Super Blend, 10W-30	7,128	1.09	7,769.52
43	61	A.C. spark plug, R46TS	6,008	1.29	7,750.32
44	62	R540 Aerosol starting fluid	7,096	1.09	7,734.64
45	—	A.C. spark plug, R45TSX	5,896	1.29	7,605.84
46	83	GM Combo Tune-up Kit, TK-237	1,689	4.49	7,583.61
47	—	Chilton Repair Manual (81)	538	13.99	7,526.62
48	51	A.C. spark plug, R46S	5,744	1.29	7,409.76
49	—	Mechanic's creeper	666	10.99	7,319.34
50	31	Gas line anti-freeze, plastic bottle	14,394	0.49	7,053.06
51	—	GM cap and rotor (electronic ignition)	568	11.99	6,810.32
52	—	Super snow brush/scraper	4,248	1.59	6,754.32
53	56	Roberk wiper blades, 18"	3,075	2.19	6,734.25
54	—	Thermostat	3,344	1.99	6,654.56
55	3	Armor All, 8 oz	1,968	3.29	6,474.72
56	45	Coleman Air Compressor	161	39.89	6,422.29
57	59	Yale power steering fluid, 14 oz	4,294	1.49	6,398.06
58	82	12-ft Booster cables, (Deluxe clamp)	426	14.99	6,385.74
59	43	WD-40 aerosol, 9 oz	3,528	1.79	6,315.12

(Continued on page 21)

How to turn little spark plugs into big profits.

The

As you know, Champion makes the right spark plug for a whole world of cars. From AMC's to Datsun Z's.

But if you only carry our automotive replacement plugs, you could be missing some of the action -- from all the smaller gasoline engines out there. Like 16 million chainsaws, 60 million lawn mowers, 5 million snow blowers, 2 million snowmobiles and 11 million powerboats. Not to mention some 10 million mopeds, motorcycles and motor scooters. Here again, Champion has the right plug to spark virtually every one.

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Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Seasonals

(Continued from page 20)

ramp pair that ranked ninth as a total dollar producer and moved 956 units.

A foot pump with a gauge also proved to be a strong seller, moving 2,076 units and ranking seventh as a total dollar producer. The item began to catch on in July and produced strong sales without affecting the movement of Coleman's electric air compressor, tagged at $39.89.

Automotive

(Continued from page 20)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
60	—	Compass 1	1,560	3.99	6,224.40
61	—	Windshield scraper, 10"	6,240	0.99	6,177.60
62	—	Motorcraft res plug book	5,130	1.19	6,104.70
63	—	Roberk wiper blade refill, RR15	2,785	2.19	6,099.15
64	—	Ahoogah horn	305	19.99	6,096.95
65	—	Thermostat	2,887	1.99	5,745.13
66	—	Aerosol spray deicer	5,803	0.99	5,744.97
67	—	Ultra X11 coil	573	9.99	5,724.27
68	92	2 Ton Hydraulic Bottle Jack	476	11.99	5,707.24
69	67	A.C. oil filters, PF-40	1,486	3.79	5,635.73
70	—	A.C. spark plug, R46T	4,264	1.29	5,500.56
71	—	Prestone coolant tester	1,146	4.79	5,489.34
72	—	Sun Inductive Timelight	182	29.99	5,458.18
73	—	Deluxe auto vacuum	248	21.99	5,453.52
74	—	Window defroster	418	12.99	5,429.82
75	—	A.C. spark plug, R44XLS	4,208	1.29	5,428.32
76	—	Auto trans fluid—A, qt	7,871	0.68	5,352.28
77	—	Duel air horns, plastic	178	29.99	5,338.22
78	60	A.C. oil filters, PF-35	1,342	3.89	5,220.38
79	96	Power liquid battery additive	2,374	2.19	5,199.06
80	79	Wynn Carb cleaner, 11¾ oz	2,587	1.99	5,148.13
81	—	Gumout fuel mix, 12 oz	3,396	1.49	5,060.04
82	17	Valvoline, 10W-40	4,583	1.09	4,995.47
83	—	4 ton hydraulic bottle jack	276	17.99	4,965.24
84	—	Custom wire set	512	9.69	4,961.28
85	—	Universal hand chk conv kit	1,048	4.69	4,915.12
86	—	3 section ball spring	655	7.49	4,905.95
87	33	Prestone super flush kit, PK12	1,680	2.89	4,855.20
88	—	Roberk univ. washer pump	506	9.49	4,801.94
89	—	Rubber splash guard, black	794	5.99	4,756.06
90	—	Lo-mnt truck mirror, chrome	264	17.99	4,749.36
91	53	Thrush muffler (T-4163)	313	14.99	4,691.87
92	14	National Al-Purpose oil, 10W-30	6,287	0.74	4,652.38
93	—	Quartz light kit, SS41D	160	28.99	4,638.40
94	—	Electric Air compressor, EC-15	210	21.99	4,617.90
95	—	Silicone custom wire, 8mm	287	15.99	4,589.13
96	—	Ford 8-cyl tune-up kit	1,576	2.89	4,554.64
97	—	Suntune 3" face tachometer	167	26.99	4,507.33
98	72	A.C. oil filters, PF-24	1,151	3.79	4,362.29
99	—	4 amp battery charger, BC804	217	14.71	4,337.83

Although higher-ticket, less functional accessory items generally did poorly, computerized musical horns appear to be an exception. Allied will begin stocking one at $69.95 shortly. Supply problems caused by high demand made the item difficult to obtain.

Despite the strong showing of the two Sun timing lights, other tune-up equipment is on the downturn. The main culprit appears to be the decrease in driving, but the growing prevalence of electronic ignitions is also a factor.

Oil sales are also down, and once again, reduced driving appears to be a reason. A year ago at this time three leading motor oils were among the top 20 dollar producers. They moved 68,600 units. This year only two oils made it to the top 20 dollar producers on the PMA.

A bright note for the coming months is that electronic ignition parts are on the rise in sales. So far, no one electronic-related product has made it to the top 50 on the PMA, and there probably will not be one strong electronic item through the remainder of 1981; the gain in strength is a more general one, with a wide variety of tune-up equipment, ballast resistors and wire sets gradually but consistently gaining in strength. A cap and rotor for an electronic ignition placed 51st as a dollar producer. A total of 568 units were moved at $11.99.

Profit Makers

Uphill Fight

(Continued from page 18)

achieved a 5% sales gain—about half of what executives had projected earlier in the year—before things turned sour.

"Our biggest problem right now is the market," explained Herbert Rechter, president of Allied Accessories and Auto Parts, a Michigan—based distributor that serves 1,700 discount stores. "We're all aiming for tighter inventory and faster turns, but there really is no secret formula. When the volume comes back it will cure all of the ills."

Even if there is no "secret" formula, many chains reported they were keeping sales churning and improving the department's bottom line by pushing harder in areas that exhibit more life, such as chemicals.

Magic Mart, for example, achieved sales increases in the chemical category of 21%—more than four times the sales increase for the department

Much of the boom in chemicals started with the increased concern over maintenance. As new car prices rose, increasing numbers of people were finding it more economical to hold onto their old ones.

The trend toward increased maintenance is also expected to carry over to waxes and polishes. Poly waxes, which made their entry to the market in early 1979, are expected to make the greatest strides.

Chains that were carrying only one or two poly waxes into the fall are now carrying five and six. Many chains are planning further expansion of their poly wax selection this spring.

Connecticut-based Caldor appears to be leading most other discounters with the strength of its expansion. A buyer for the company said approximately 12 poly waxes will be added to the three already carried.

(Continued on page 28)

view: Pp. 21-55
Pp. 8-14

unt Store News®

SPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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MARCH 9, 1981

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Few Biz Gains Survive Adjustment For Inflation, New Stores

Only a few discount department store chains have reported year sales gains that survive deflation by the Department Store Inventory Price Index (DSI) and by new-store contributions.

Wal-Mart's 31% increase in its just-ended fiscal year, to $1.6 billion, reduces to a 12% store-for-store gain, and when deflated by the DSI (last released in July 1980, at 7.6%) it shrinks further to a real gain in volume of approximately 4.4%.

Caldor's 18.5% sales increase to $666.5 million was not broken out into same-store gains. The chain entered the fiscal year with 56 stores and ended with 63, a 12.5% rise in the store count; but most of those stores contributed for only a short time. After an arbitrary adjustment downward by one-

(Continued on page 66)

Chain	Simple % Sales Change	% Sales Change Deflated by DSI*	% Adjustment For Store Count Change	% Approximate Real Change
Caldor	+18.5	+10.9	– 4.2**	+6.7
Wal-Mart	+31.0	+23.4	–19.0	+4.4
G. C. Murphy	+ 7.4	– 0.2	+ 2.2**	+2.0
K mart	+11.5	+ 3.9	– 3.0**	+0.9
Venture	+ 4.3	– 3.3	N/C	–3.3

* *The DSI (Department Store Inventory Price Index) was 7.6% when last issued in July 1980. The Bureau of Labor Statistics will issue it again this month, but little change is expected.*

** *DSN estimates of the impact on real sales increases by stores opened or closed during the fiscal year.*

N/C—No change.

Sales increases for some of the nation's leading discount chains, for the fiscal year just ended, are reduced and in some cases eliminated when adjustments are made for inflation and new-store contributions. But even adjusted sales figures are less meaningful than ever, as it becomes more important to measure true productivity gains or declines. Sales per square foot may not tell the whole productivity story in the heated business environment of the 80's.

ake FedMart Private Mid Belt-tightening, Union Woes

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at this time could place an insurmountable burden on the chain.)

The decision to take the chain private also coincides with several belt-tightening moves by FedMart, including:

- the closing of the San Antonio warehouse and contemplated shutdown of an 88,650-sq.-ft. warehouse facility in Hempstead, Tex., and a 46,080-sq.-ft. warehouse in Tempe, Ariz.;
- freezing executive salaries for one year and junior management salaries for six months;
- requesting wage freezes for store employees represented by various Retail Clerks and Teamsters Unions, and
- the sale of the company jet.

Pressure to take the chain private was brought to bear on Mann by the board of directors, according to Gundlach, who insisted that the chain had no alternative because of its need for new equity capital.

"The purpose of being public is to raise money. FedMart couldn't because of our losses and the size of Mr. Mann's holdings," Gundlach said. "Wall Street has been urging us to do this for some time."

In addition to the millions he

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1973, while sales dipped 6% from the previous year, to $390 million. The Treasury had posted sales gains since 1976, and this reversal of the sales uptrend suggests that this year's losses will be higher than in the past.

The Treasury's shaky financial posture stems from its weak customer identification, Penney's half-hearted involvement in its stepchild's development, and a confusing array of strategy shifts that took the chain from a junior J. C. Penney outlet, to a promotional department store with supermarket, to a low-end discounter without supermarket. None of

(Continued on page 5)

Leftwich, New K mart President, To Help Steer Productivity Drive

TROY, Mich.—Samuel G. Leftwich has seen it all in his 33-year career with Kresge and K mart—or has he?

As the new president and chief operating officer of K mart, he is taking his place now among other merchandising-oriented executives heading the chain—executives who will be directing K mart in its transition from the Bob Dewar growth years of the 1970's to the Bernard Fauber era of emphasis on increased sales and labor productivity. And Sam Leftwich is in at the very beginning, again.

Leftwich's story at Kresge and K mart is a classic of upward mobility in a retail chain: from stock boy to president, with roles over the years as Kresge store and district manager, K mart store and district manager, Western regional manager (also at the start of that region's rapid growth pe-

Samuel G. Leftwich

riod), director of food services, vice president and senior vice president of personnel.

"The K mart philosophy has always been to develop key people first as generalists, and then to put them into jobs

(Continued on page 6)

Chains' Soaring Nonmerchandising Costs Deflate Profit/Sq. Ft. Figures

Inflation is driving the nonmerchandising expenses of retailers higher and faster than it is driving their revenue base, as measured by the Consumer Price Index (CPI) and the Department Store Inventory Price Index (DSI).

Productivity-minded discounters who have been lulled into a false sense of security by pretax profit gains that outstrip sales gains should take a closer look, according to the Touche Ross & Co. accounting firm.

A recent study of five discount department store chains during a five-year period—fiscal years ended in 1976 to 1980—showed pretax profits increasing an average of 123.8%, while the average sales gain was 51.4%. That 2.4:1 ratio seems, at first glance, to give a comfortable margin of improved productivity, at least by comparison of pretax profit increases to sales gains.

But sales and pretax profits *per square foot* didn't rise as fast. Sales per square foot rose only 39.8% during that period, and pretax profits per square foot increased by 106.2%. Still, even at the lower per square foot figures, there seems to be a comfortable tendency to derive profits 2.7 times faster than sales.

But there's another fly in the ointment. The Consumer Price Index—which should be used to deflate pretax profit figures, since it measures inflationary pressures that impact directly on retailers' major nonmerchandising expenses—rose almost twice as fast during that five-year period as did the Department Store Inventory Price Index, which can be used to deflate the sales figures.

When deflated by the CPI (up 35.2% in those five years), that comfortable 106.2% gain in pretax profits per square foot is reduced substantially.

And, when the 39.8% gain in sales per square foot is deflated by the slower-rising DSI (up 18.3%), suddenly there isn't as much spread between the growth of profits and the growth of sales.

In short, while discounters have been improving productivity by one measure (pretax profits per square foot) faster than the CPI has risen, thus staying ahead of inflation, the numbers are not as impressive as they appear at first. The challenge in 1981 and beyond will be to maintain the existing productivity momentum

Productivity

(Continued from page 1)

plains how the change of heart came about. For 1980, K mart reported an 11.5% sales increase. When that figure is deflated by the DSI, it shrinks to 3.9%. And when an adjustment is made for new-store contribution to the increased volume, DSN estimates K mart's real sales gain to be under 1%. (The adjustment for new-store contribution made by DSN was 3%.)

"A disproportionate number of the new stores that opened last year were smaller in size than the existing base," pointed out a K mart spokesman. "New stores don't perform as well as established stores, and only about 51 of the 193 new stores opened in the first six months of the year anyway."

Those considerations aside, K mart's sales gains have taken a dive in recent years (11.5% in 1980, 12.8% in 1979, 17.7% in 1978, 18.6% in 1977, and higher than 20% for 10 years before that) while selling, general and administrative costs (SGA) rose from a low of 17.8% in 1973 to almost 20%, not including advertising and interest, in the fiscal year ended in January 1980.

Including advertising and interest, SGA at K mart in its 1980 fiscal year were 22.5% of sales, compared to 21.5% the year before—a full percentage point jump. For that fiscal year, K mart's SGA (including advertising and interest) and cost of merchandise sold totaled 95.4% of sales, a figure which has remained fairly consistent over the years for K mart. But in the past, real sales growth provided the muscle; because of the slowing of its sales gains, increased productivity will have to provide the muscle now.

"We're measuring productivity by sales per square foot—for now," said a T.G. & Y. merchandiser. "But we'll be looking at profits per square foot in the future."

How to boost those profit-per-square foot figures? One way being tried at T.G. & Y. is a remerchandising of its high-volume fabric departments for better sales productivity. Long a staple category at T.G. & Y., and a leading contributor to sales volume, the departments in the larger stores were found to be less productive (in terms of sales per square foot) than those in the chain's smaller units. The solution opted for by T.G. & Y. is shrinking the department—boosting sales productivity, as long as sales stay constant—and moving high-volume, high-margin domestics into the space vacated by fabrics. Sales per square foot in the remerchandised fabrics department should rise, and per-square-foot figures higher than the fabrics generated will come from the expanded domestics lines.

Increased sales productivity will bring higher volume (and more profit dollars) for the short term, and perhaps even over the long run. But to be sure, T.G. & Y. will be tracking the profit dollars per foot, not the sales.

"Sales per square foot are totally misleading," said Heinz Gundlach, vice chairman, FedMart. "Gross profit dollars are the best measure that we can use, since a substantial sales increase can come from heavy low-margin sales."

Gundlach is familiar with the impact of low-margin sales. A large portion of FedMart's volume (approximately 50%) is in supermarket sales, and the chain has been trying for years to increase its nonfood sales slice (particularly soft lines) to offset rapidly rising costs.

"Our overhead has been declining," said Gundlach, "because of economy measures we have taken. But utility costs, interest, payroll and fringe benefit costs have all been escalating to the point where I almost feel like throwing up my hands in despair."

"Retailers can't cut costs enough to compensate for constant, built-in inflationary increases," added Gundlach. But he suggested steps to cut those costs could include reduced lighting, reduced store hours and the closing of stores located far from distribution centers, where transportation costs are high.

At Heck's, vice president of merchandising Jim Doss reported that his chain has been able to move its store hours up one-half hour, opening from 9:30 a.m. to 9:30 p.m. instead of 10 to 10.

"We didn't decide to do that to save money," Doss explained. "We check our counts regularly, and found out our shoppers were coming in earlier and leaving earlier, so we changed our hours to accommodate them. But it does save us money." Since the stores are open fewer hours during the hours of darkness, Doss said "turning off the parking lot lights alone saves us money."

Heck's—which has always been one of the more profitable discount chains in terms of net income as a per cent of sales—is still firmly attached to sales productivity measurement by sales per square foot, and when a store is performing under par, "we increase the advertising to bring in more sales," said Doss.

Since sales productivity increases can provide a quick fix for a volume-hungry company, and since labor productivity increases can insure steady profit-productivity increases for the long term, many chains have instituted concurrent programs, similar to K mart's. But the strong regional chains (Wal-Mart, Caldor and Target for example) seem to have an edge. They have been able, because of their relatively small size, to bring in the EDP and other information system advances that help insure labor productivity gains for the future; and they've brought them in while they're still in a strong growth mode, where increasing sales per square foot give them the profit muscle to survive.

K mart, on the other hand, has been slow in fully implementing some of the long-term necessities (like its EDP system), and may suffer a profit decline during the next few years until labor productivity increases supplant the shorter-term benefits of sales productivity gains.

Adjustment

(Continued from page 1)

third of the store-count increase—4.2%—and deflation by the DSI, Caldor's 18.5% gain is lowered to approximately 6.7%. The real gain may be slightly lower than that, given Caldor's high (about 65%) hard lines business. (The DSI is skewed downward by apparel prices, which have not increased as rapidly as hard lines categories.)

G. C. Murphy's sales gain in its just-completed fiscal year was 7.4%, but resulted from 4.3% *fewer* stores at the end of the year—448, compared to 468 at the end of the preceding fiscal year. Using the same kind of adjustment as at Caldor, but one-half the percentage change in the store count—Murphy's 7.4% gain becomes a real gain of approximately 1.95%.

K mart's 11.5% sales gain in the year just ended, to $14.2 billion, came from 2,242 stores at year's end—an 8.4% rise in the store count. K mart's 11.5% unadjusted sales increase, deflated by the DSI and by 3.0% to adjust for the increased store count, becomes a rise of only 0.9%.

Venture's 4.3% increase in sales over its previous fiscal year came from the same number of stores, and disappears completely when deflated by the 7.6% DSI. It becomes a sales decline, in real terms, of 3.3%.

The impact of inflation on profits will be covered in the annual reports of these chains, due later this year, as constant-dollar reporting (required by Financial Accounting Standards Board statement 33) is included.

But the disparate rates of inflation between the DSI and the Consumer Price Index—between revenue-affecting and expense-affecting increases—require discounters in the 1980's to take a very close look at some new measurement of productivity. Whether profits per square foot, or return on inventory investment, or some formula combining those or other elements, a new measure is needed. The sales dollar is just too variable a measure in the present economy.

Showrooms

(Continued from page 8)

The president of a major regional chain, however, asserted that the greater use of flyers would be limited to the larger chains that face different competitors in a variety of markets. "A regional or local cataloger can tailor his book to meet competition and can also offer individual services and a better showroom ambience, so there is less need to resort to flyers to draw shoppers."

A company with two small showrooms in an exurban market that dropped its book in 1980 and tried to use just flyers and newspaper ads during the holiday period said the effort was a failure. "In small towns shoppers keep the book for a year and use it for items and prices. Flyers and newspaper ads don't have the same impact. We had lots of requests for a catalog this past Christmas," the company's president said.

The problems affecting the industry, however, are expected to only adversely impact a few companies, according to a leading industry executive. "We have learned that we aren't completely recession proof," he asserted, "and while there will be a shakeout of a few smaller companies, we wouldn't be hurt as dramatically as other retailers."

The executive said that "the most important thing for catalogers to do is to control costs."

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1981

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Newman, Greenspan, Crosby Spark NMRI Convention Schedule

NEW YORK—The National Mass Retailing Institute (NMRI) has announced a tentative schedule for its convention May 9-13 at the Sheraton Hotel, Bal Harbour, Fla.

It includes equal doses of enterprise and entertainment—including appearances by writer and news commentator Edwin Newman, economist Alan Greenspan and comedian Norm Crosby—rounding out 15 general and concurrent sessions.

Sports, ladies programs and the ongoing merchandise show, featuring gifts, complete the busy five-day schedule.

The "Turning Point" theme will be the framework for the following agenda, which NMRI executives said is not quite complete and subject to change.

Saturday, May 9: Registration, 9 a.m.-8 p.m. NMRI hospitality room open throughout the convention from noon to 5 p.m. Merchandise show, 4:45-7:30 p.m. Reception in the exhibit area, 6-7:30 p.m. Welcome Banquet, featuring Edwin Newman as the after-dinner speaker, 7:45 p.m.

Sunday, May 10: Sports program for ladies and men, featuring golf, fishing, tennis tournaments and DSN's marathon races, 7:30 a.m.-1:30 p.m. Sports luncheon with guest celebrity speaker and presentation of awards, 1:30-3 p.m. Merchandise show, 3-4:30 p.m. General session No. 1, "The Economy of the 1980's and Its Effect on the Mass Retailer," by Alan Greenspan, 4:30 p.m.

Monday, May 11: NMRI annual membership meeting for retailers, 7:30-8 a.m. NMRI annual meeting for associate members, 8:15-8:45 a.m. Ladies Day at the racetrack, and luncheon program, 10:30 a.m.-4 p.m. General session No. 2, Ninth DuPont NMRI Study, "Where Shoppers Buy General Merchandise Goods and What Prompts Their Decisions," 9-10:30 a.m. Three concurrent sessions, 10:45 a.m.-noon, include No. 3, "What Our Company is Doing to Maximize Gross Profit Dollars"; No. 4, "Payroll Productivity", and No. 5, "The History of Discounting," a retrospective—1966 to present." Lunch, 12:15-1:30 p.m. Merchandise show 1:30-3:45 p.m. Session No. 6, Presidents' Roundtable discussion of "Inflation in the 1980's"—how companies plan to handle inflation in the coming decade. Reception and buffet hosted by the Newell Companies, 7-9 p.m.

Tuesday, May 12: Political Action Committee breakfast, 7:30-8:45 a.m. General session No. 7 featuring Dr. Mortimer Feinberg, president, BFS Associates, 9-10:15 a.m. Concurrent sessions, 10:30-11:45 a.m; No. 8, "New Forms of Discounting, Outlet Malls and Specialty Brand Name Outlets"; No. 9, "Warehousing and Distribution, A Study of Merchandise Flow in the Discount Department Store Chains", and No. 10, "Energy Conservation." Ladies Program, 9-11 a.m. Merchandise Show and lunch in the exhibit area, featuring grand prize award, a seven-day tour to Spain, 11:45 a.m.-2:30 p.m. Concurrent sessions, 3-4:15 p.m.; No. 11, "Inventory Management Systems"—how to increase buyers' time spent on merchandising decisions and decrease time spent on mathematics; No. 12, "Why Industry Leaders Are Upgrading their Stores", and No. 13, "Vendor/Retailer Relations." Reception, 7-7:45 p.m. Gala Banquet featuring Norm Crosby, 8 p.m.

Wednesday, May 13: General session No. 14, "Convention Wrapup"—informal discussion, 8:30-9:30 a.m.; complimentary continental breakfast, 8:30-9 a.m. General session No. 15, tour of local discounters sponsored by *Discount Store News*/NMRI, 9:30-11:30 a.m.

At Annual AGMC Meeting

Murphy's Robinson Honored as Retailer of Year

NEW YORK—S. Warne Robinson, retiring chairman of the G. C. Murphy Co., was honored as the Retailer of the Year by the Association of General Merchandise Chains (AGMC) at its 48th annual meeting here.

Incoming (1981) chairman Richard Anderson, president and chief operating officer of F. W. Woolworth, and his boss, Edward Gibbons, chairman of Woolworth, introduced Robinson, who generated waves of laughter in the crowd of retailer and associate members at the Plaza Hotel with his thoughts on growing old.

"You realize you're getting old," said Robinson, "when your mind starts making contracts your body can't fulfill. When you're sitting in a rocking chair, and you just can't get it going. Or when after painting the town red, you need a good long rest before you can give it a second coat."

Also remembered at the meeting was Jim Newgent, deceased president of T.G. & Y., whom outgoing AGMC chairman Bob Soelter, president of Duckwall-ALCO, remembered "as a friend as well as a merchant." Dan Kelly, who succeeded Newgent at T.G. & Y., accepted a plaque for Newgent's widow and told the audience that Newgent "knew about this award before he died, and wanted me to express his appreciation."

According to new chairman Anderson—who reminded the audience of his company's role in founding an organization 48 years ago that would eventually become the AGMC—the association's activities on the legislative and regulatory front "more than justify the cost of membership."

Anderson went on to point out the AGMC's growing strength in other services, including publications, research and educational sessions, and urged all member firms to take full advantage of the help.

"The state of our industry and our economy demand that we miss no chance to improve our knowledge and our operations," said Anderson. "The commitment that each member makes to the AGMC activities can be the best investment you make this year."

S. Warne Robinson (l.), retiring chairman, G. C. Murphy Co., and AGMC Retailer of the Year, received plaque from Edward Gibbons, chairman, F. W. Woolworth, who had introduced him. *(DSN photo)*

Fabric Space (Not Mix) Is Trimmed By T.G. & Y.; Domestics Expanded

OKLAHOMA CITY—In a moye to increase its productivity in soft lines, T.G. & Y. is reducing the square footage of its fabric department and turning the space over to upgraded domestics lines.

T.G. & Y. will not cut back fabric commitments—in fact the budget for fabrics and notions has been expanded this year—but has found sales per square foot are higher in its smaller-size departments. So, the area, not the inventory, of about 95 of the chain's largest stores' fabric departments will be shrunk.

Sales should increase from $89 to $100 per square foot for those stores after the move is completed in April. The 3,600-sq.-ft. departments of class 1A and 1B units will be shrunk 12% to 3,212 sq. ft., the size of fabric areas in class 2 stores, which steadily report sales per square foot in the $100 range.

The new program will be the setting for upgraded price points and an appeal to a broader range of customers as well.

A traded-up and remerchandised extension of the domestics department will most likely move into the freed-up space, Morris Steen, merchandiser for fabrics and domestics, said.

"We're certainly not pulling in our horns on fabrics, and we're not just filling in a hole. We had put the pencil to fabrics (last year's sales were flat) and, at the same time, in programming our domestics department, it became obvious that we were going to need a little more space," he explained.

Steen projected the expansion will boost domestics sales 20%-25%. To what extent, if any, other departments will be affected is uncertain.

Because existing counters will be used, Steen said the cost (which he would not disclose) would not be significant.

Both reprogrammings will include trimming of unproductive sku's and adding of num-

(Continued on page 7)

Spotlight on: Bath Shop

Upgraded Display Techniques Spread at Caldor

WOONSOCKET, R.I.—New display techniques first unveiled at Caldor's recently remodeled flagship store in downtown Stamford, Conn., are making their way into the other stores in the 60-plus-unit chain.

Here, at the chain's first Rhode Island store, opened late last year, the bath shop was among the departments (which included housewares and consumer electronics) benefiting from the new display upgrades.

An already color-coordinated towel presentation got further visual emphasis with the addition of towel-wrapped tubes which bring the stock to the top of the side wall without additional inventory investment.

In This Issue...

TAPING CATALOGLAND. This issue's special Catalog Showroom Census gives results and projections for leading catalogers' sales, profits, and new-store plans. (Pp. 8-14.)

SCHOOL DAYS. Discounters' buying plans for the back-to-school season are reported in a special preview section. Categories highlighted include apparel, stationery, home and office products, calculators and knapsacks. (Pp. 18-55.)

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Catalog Showroom Census

DISCOUNT STORE NEWS

MARCH 9, 1981

Focus Switches to Internal Operations, Merchandising

1981: Turning Point For Maturing Showroom Industry

By Arthur Markowitz

This year is shaping up as a turning point for the catalog showroom industry.

Inflation, high interest and mortgage rates, maturing of the industry and recognition by other retailers that showrooms are viable competitors all combined to brake catalogers' 10-year explosive growth in sales and number of units.

This year catalogers are projecting lower sales gains and fewer openings as they focus on improving internal operations and merchandising before resuming another growth pattern that will reflect the different potentials of the three broad types of companies that make up the industry.

The Big Six, which account for about 40% of the industry's sales, were the most affected by the 1980 slowdown. Their future growth is seen as coming through lower operating costs from full-sized showrooms, and development of scaled-down units to use as (a) satellites in major cities where they already have stores and as (b) the thrust into smaller new markets.

The 50-odd regional and local chains that will face the greatest challenge from the Big Six will continue to focus their growth in their prime markets to spread out advertising costs, catalog distribution expenses and shipping costs among more showrooms in contiguous areas.

The companies with one or two showrooms in a community and which make up the rest of the industry will maintain their past measured growth by continuing to feature a merchandise mix tailored just for their customers combined with highly personalized service. These family-owned businesses located in small communities and exurban areas often are the only low-price hard goods competition to full-price retailers.

Inflation and the high cost of money are seen as the two factors that will most determine the industry's future growth.

Catalogers' lower prices compared to other retailers are the industry's prime attraction. One stock analyst said that "customers know the item and price when they walk into a showroom. When catalogers fail to maintain a price, they disappoint shoppers. If the latter trend continues, customers will find other places to shop."

He added that some major catalogers are now being beaten on everyday prices by other retailers. "Catalogers will have to face this problem and make the prices in their book viable for the life of the catalog or date the book."

Another analyst asserted that catalogers are now under pressure to have new showrooms produce profits quicker because of high interest rates.

"Chains will open smaller units that will generate a profit on lower costs, add fewer new showrooms, or develop some combination of these two approaches," he said.

A consultant who is completing a study of the industry noted that the number of books used by a chain will keep pace with the growth in showrooms, but that the post office will remain as the key distribution vehicle, either through mailing of the catalog or a postcard.

This trend denotes the more sophisticated use of computers to pinpoint catalog customers to avoid excess distribution and to eliminate recipients who have moved.

Flyer growth, the consultant added, will be greater than the rate of showroom expansion because such promotions don't lock catalogers into a price on a long-term basis, and give chains the flexibility to meet competitors in different markets.

(Continued on page 66)

Growth Slows But Catalogers' Biz to Rise 11.3%

(Continued from page 3)

but stronger group of chains is seen in the volume projections for the top six companies, which total $3.6 billion, a 12.5% increase from the $3.2 billion the top half-dozen accounted for in 1980.

The readjustment that many catalogers are undergoing due to the economy can be seen in the showroom growth plans. The three major multiregion catalogers—Service Merchandise, Best Products and Modern Merchandising—have trimmed their growth plans, while a number of regional and local chains have actually stepped up expansion.

Only one cataloger, Jewelcor, has actually cut back the number of showrooms in operation, going from 29 to 24 at presstime as five units in Florida were closed.

Service Merchandise's 14-store expansion last year compares to only six definite units this year, while Best has cut back from 15 to 10 and Modern Merchandising is down to three (or possibly four) from seven.

38 Top Catalogers to Do $5.2 Billion in Sales For Year, Up 14.7%

Chain (Hq. and coordinator)	Showroom $ sales [millions] Estimated current fiscal year	Last completed fiscal year	$ Net profit [millions] last fiscal year	Showrooms As of Jan. 1 1981	As of July 1 1981	As of Dec. 31 1981	To be opened in 1982
Service Merchandising (Tenn.) (Independent)	1,020	865.0	20.4	115	116	121	10
Best Products (Va.) (Creative)	975	841.8	21.7	89	92	99	8
Modern Merchandising (Minn.) (Creative)	760	685.0	N.A.	79	80	82	5
H. J. Wilson (La.) (Independent)	360	300.1	N.A.	51	54	57	8
Consumers Distributing (N.J.) (Independent)	260	215.0	N.A.	99	102	107	N.A.
Ardan (Iowa) (Creative)	250	220.0	N.A.	52	52	60	N.A.
Jewelcor (Pa.) (Jewelcor)	173	173.0	N.A.	29	24	24	0
Basco (N.J.) (Creative)	130	94.6	(0.4)	19	20	20	N.A.
Century House (N.Y.) (Independent)	127	115.0	N.A.	58	57	58	N.A.
W. Bell (Md.) (Independent)	102	95.5	2.4	13	13	15	2
L. Luria (Fla.) (Mutual)	93	76.4	3.2	19	19	21	4
Sam Solomon (S.C.) (MAI)	88	86.6	(N.A.)	11	11	11	0
Naum Bros. (N.Y.) (Creative)	75	70.0	N.A.	17	17	17	N.A.
McDade & Co. (Ill.) (MAI)	69	60.0	N.A.	7	7	8	1
O. G. Wilson (Tex.) (Paul Schultz)	65	45.0	N.A.	15	17	18	N.A.
Ellman's (Ga.) (Independent)	60	56.0	N.A.	7	7	7	1
Sterling Jewelers (Tex.) (Paul Schultz)	55	51.0	N.A.	5	5	5	N.A.
David Weis (Pa.) (MAI)	53	50.0	N.A.	9	9	10	1
E. H. Tepe (Ind.) (Creative)	43	40.0	N.A.	8	9	9	1
Masters Mdsng. Mart (Fla.) (Jewelcor)	39	35.0	N.A.	23	26	26	4
Brendles (N.C.) (MAI)	37	35.0	N.A.	13	13	13	1
Boardman's (N.Y.) (Independent)	36	34.0	N.A.	16	16	16	N.A.
Towers (N.J.) (Creative)	32	28.0	N.A.	7	7	8	N.A.
MacDonald (Ohio) (MAI)	31	28.0	N.A.	9	9	9	1
Goldbro (Ala.) (Charter)	27	24.0	N.A.	5	5	6	1
Dahlkemper's (Pa.) (Creative)	27	25.0	N.A.	5	5	5	1
Key Distributing (Ga.) (Creative)	23	20.0	N.A.	7	7	8	N.A.
Hartman's (Calif.) (Independent)	22	20.0	N.A.	10	10	12	N.A.
Alexander (S.C.) (Charter)	21	16.0	N.A.	5	5	6	1
Brand Names (N.Y.) (Independent)	21	20.0	N.A.	11	11	11	N.A.
A. J. Foland (Mich.) (American)	21	18.0	N.A.	4	4	5	N.A.
Present (N.Y.) (MAI)	21	19.3	(0.02)	7	7	7	0
R&R (Mass.) (American)	21	17.0	N.A.	7	7	7	N.A.
Fred Gattas (Tenn.) (MAI)	19	16.0	N.A.	5	5	5	N.A.
Top Brands (Mo.) (Paul Schultz)	17	15.0	N.A.	5	5	5	N.A.
K's Merch. Mart (Ill.) (Creative)	17	15.0	N.A.	5	5	5	N.A.
Evans (Md.) (MAI)	16	14.0	N.A.	4	4	4	N.A.
Segall & Sons (Ga.) (American)	15	14.0	N.A.	5	5	5	N.A.

(Some figures are DSN estimates); ( )—loss; N.A.—Not available

Dept. Sales per Square Foot Rise 35.8% Over Past 5 Years

	1970	1975	1976	1977	1978	1979	1980	5-year change	10-year change	'80 vs. '79
Dept. Size (sq. ft.)	1,800	2,050	2,025	1,975	1,720	1,750	1,750	−16.6%	− 2.7%	NC
Annual Turns	3.6	4.0	4.2	4.5	4.5	4.7	4.2	NC	+16.7%	−10.6%
Volume per square foot	—	$70.00	$71.68	$77.89	$92.69	$97.32	$103.00	+35.8%	—	+ 5.8%
Initial Markup	38%	41%	42%	44%	44%	44%	43%	+ 2.3%	+13.1%	− 2.3%
Gross Margin	36%	35%	36%	38%	38%	39%	39%	+ 8.3%	+ 8.3%	NC
Company-Run	76%	94%	95%	96%	96%	96%	96%	+ 4.3%	+26.3%	NC

For the last year, stationery buyers around the country have been shifting their assortments away from fashion-oriented merchandise and focusing more sharply on priced-right basics.

So far, the move has paid off.

Stationery departments posted a 5.8% sales-per-square-foot gain last year. Industrywide, category sales jumped 16.7% to $1.4 billion.

The sales gains came while gross margin levels remained constant at 39%, although initial markups slipped a percentage point to 43%, and turns 0.5% to 4.2%.

Still, over the long haul stationery is more than pulling its own weight.

Volume per square foot has increased 35.8% over the past five years while average department size declined 16.6%.

Themes

(Continued from page 21)

ment of new products, traffic will be built with merchandise that can be tied into the BTS theme.

Apparel for the size 7-14 age group will be the backbone of children's wear sales, but the 4-6x category is also coming on strong as novelty prints become popular.

As fashion continues to trickle down to the 7-14 age group for school clothes, it arrives at the 4-6x group, even though not all children within that group are of school age. Buyers say mothers are as fashion-conscious as the kids themselves; and more fashion means more profits for discounters.

Meanwhile, 7-14 apparel has a definite theme designed to give consumer and discounter a flexible fashion image. Unrestricted by trademarks of any one trend, with the exception of the western influence, an assortment of bottoms and tops offered by discounters represents a coordinated look not limited to a certain number of designed-to-match pieces. Flexibility for the consumer equals multiple sales for the discounter.

Home and office supplies are to stationery what the burgeoning 2-6x category is to children's apparel.

Buyers say there is more excitement in the developing category of home-office. The classification offers a program that appeals to a broader audience than does a school supply program. And because home office is a developing category at discounters as well as one not readily available from other sources in the secondary markets where discounters position themselves, the less competitive area is also more lucrative, with markups up to 30% higher than on other stationery items.

To give stationery an identity during BTS, buyers are cherrypicking a few manufacturers for the most salable items and targeting young BTS consumers with basic items upgraded with novelty designs that have proven track records.

Although scientific calculators with advanced math-function capabilities have been on the market in discount stores for some time, it is only in the coming BTS season that models will retail close to the low-end price points of standard handheld calculators. Even bread-and-butter low-ticket models are expected to garner healthy margins for discounters.

Nylon backpacks are another item discounters can promote for BTS without sacrificing too much profit. They sell themselves year-round with tickets ranging up to $20, but buyers are using them as another BTS traffic draw, because they attract a broad range of shoppers under 30 years of age—the same potential consumers of home and office supplies or scientific calculators.

While some smaller chains realize the natural tie-in between health and beauty aids and back-to-school—their peak season—many have been reluctant to tack promotional prices onto already competitive tickets.

50% Sale Pends For Grace Group

NEW YORK—The W. R. Grace Co. has announced a tentative agreement for the formation of a new company to own and operate Grace's retail group.

The group is comprised of home improvement centers, sporting goods outlets and specialty retail operations and jewelry stores.

Under the terms of the agreement, a 50% interest in the new company would be acquired by Vroom & Dreesmann, the Netherlands' largest retailer with sales in excess of $5 billion.

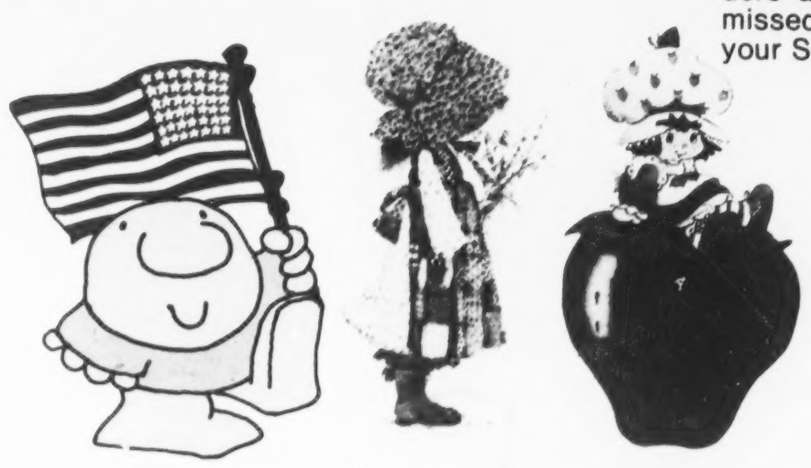
We'll tell you everything you need to know about this exploding category in 4 words:

GROWTH: Sales of school, home and office products are exploding. In the last 5 years the category has doubled in sales and continues to grow. It's a $1.4 billion business. Are you getting your share?

PROFITS: St. Regis produces a complete line . . . 750 fast moving items that return higher profit margins than H&BA, housewares, automotive or toys. And with the St. Regis name, you'll generate traffic and sales 12 months of the year.

CHARACTERS: America's hottest lineup: Strawberry Shortcake,™ Ziggy,™ Mini-Page,® Holly Hobbie® are now featured on many St. Regis products. Lovable characters that dress up your shelves and are pre-sold to your customers.

SUPPORT: We back our quality line with trade and consumer promotions and colorful P.O.P. And we offer super service. Orders are usually delivered within 48 hours. No out-of-stocks, no missed sales. For action, call Dale Scott toll free: 1-800-633-6378 or your St. Regis broker.



ST REGIS Consumer Products

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Discount Store News

PRODUCT MOVEMENT AUDIT

Sales Will Stay Hot in Writing Instruments

By M. Raymond Prendergast
President,
Boston Distributors

The stationery, school supplies, and home office products department afforded Boston customers an average of 29% in sales increases in 1980. The negative impact of the declining school-age population was more than offset by the boom in home office products, increased manufacturer advertising expenditures, especially in the writing instrument category, and aggressive merchandising and promotional actions on the part of the retailer.

The 1981 back-to-school season represents a challenge to the retailer as a tightening economy threatens to impede the growth opportunity of this market. Short inventory supply, coupled with limited promotional support, will decrease the market share of the reticent retailer. Aggressive ads and adequate inventories of the right mix will capture this share for those willing to make the investment.

Nowhere is this fact more clearly evidenced than in the writing instrument segment, which grew 35% in 1980. Retailers should be prepared to meet the opportunities presented by a category which is being expanded by significant manufacturer expenditures. The tremendous success of Papermate's Erasermate and Scripto's Erasable pen will not be short lived as both companies will increase ad budgets in 1981. Bic, not about to give up the fight, will pour millions into its Rollerball brand. Pencils and pens available in cost-saving multipacks will remain a mainstay of the category despite losing ground to the advertised brands.

Area of Reliance

The paper and theme book category, which showed us a 23% increase in 1980, is also expected to have a strong back-to-school year. Although not characterized by the heavy advertising support afforded to writing instruments, paper will continue to be the largest category of the department. Filler paper in the 200-count package led the 1980 PMA, while the 150-count rose to the No. 5 spot because of its lower price point. Theme books were led by the 70-count notebook followed by the 200-count, 5-subject notebook in a wide margin rule. Increased sales to the college population were reflected in the strong showing of the narrow margin 200-count theme book. College rule 100-count filler, 100-count theme, and 9½ x 6

(Continued on page 51)

STATIONERY

These figures for the year 1980, supplied by Boston Distributors, a division of Cook United, Maple Heights, Ohio, cover 320 stores, including 290 discount department stores in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

MISCELLANEOUS SCHOOL SUPPLIES

$ Rank	Item	Unit Movement	Unit Rank
1	Crayola Crayons 24 CT	68,748	4
2	Crayola Crayons 64 CT	26,082	10
3	Crayola Crayons 48 CT	30,462	8
4	Star Wars Cork Board Display 91905	6,840	14
5	Crayola Crayons 16 CT	45,528	6
6	Tot Stapler w/1M Staples TB12C	14,544	13
7	Cub Stapler BC B49C	6,036	15
8	Scotch Utility Tape 1/2 x 800 in. RK2	152,880	1
9	Scotch Magic Tape 1/2 x 450 in. 104	80,952	2
10	Scotch Magic Tape 3/4 x 350 in. 105	57,336	5
11	Elmers School Glue 4 oz. E304	40,284	7
12	Borden Mystic Tape 1/2 x 500 in. M921	76,968	3
13	Krazy Glue 200BX	16,140	12
14	Elmers Glue 4 oz. E372	28,044	9
15	Scotch Magic Tape 1/2 x 800 in. 119	16,224	11

OFFICE SUPPLIES

$ Rank	Item	Unit Movement	Unit Rank
1	Mead Steno Book—White 80 Count	33,768	1
2	Vernon McMillan File Folders 1/3 Cut #40306	16,074	4
3	Esselte Hanging File Folder System #40129	1,182	87
4	Mead Legal Pad 11 in. 50 Count	18,576	3
5	Dome Weekly Bookkeeping Record #600	2,340	53
6	Mead Legal Pad 14 in. 50 Count	14,928	5
7	Sheaffer Eaton Telephone Address Book 80011	3,288	43
8	Mead System Clasp Envelope 9 x 12	4,920	30
9	Holes Webway Diary One Year #1106	1,698	70
10	Mead System Clasp Envelope 25 Count 10 x 13	4,092	36
11	Abaca Expanding File #0817A	1,987	59
12	Sheaffer Eaton Telephone Address Book #80201	2,880	48
13	Esselte Index Cards Ruled 100 Count 3 x 5	21,000	2
14	Sheaffer Eaton Telephone Address Book #80006	4,332	34
15	Mead Desk Pad Monthly 22 x 17	1,310	82

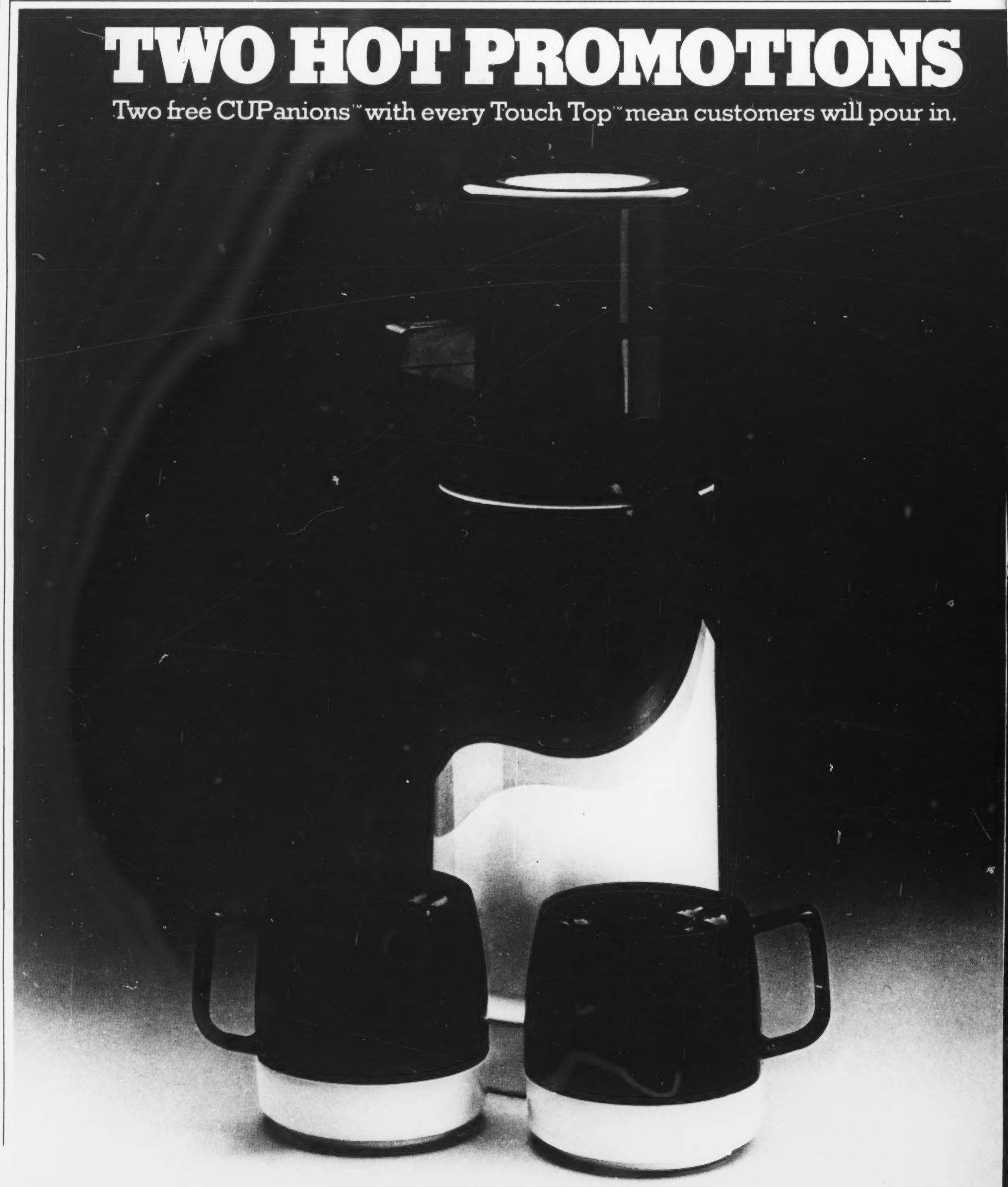
STATIONERY AND ENVELOPES

$ Rank	Item	Unit Movement	Unit Rank
1	Mead Envelope 100 Count	170,376	1
2	Mead Envelope Legal 50 Count	149,016	2
3	Mead Envelope Security 80 Count	28,776	4
4	Mead Envelope Security 40 Count	23,040	5
5	Mead Tablet Ruled 100 Count	29,820	3
6	Mead Envelope Press Seal 40 Count	17,280	7
7	Mead Tablet Plain 100 Count	19,584	6
8	Mead Playful Pals Box Stationery #88210	2,880	30
9	Mead Only A Rose Tablet #79530	6,732	11
10	Mead Devonshire Brocade Box Stationery #88222	2,700	32
11	Mead Box-Tea Roses Assorted #88008	3,372	25
12	Mead Fold N Seal Letter Notes #79310	3,504	23
13	Mead Woodsie Tablet 36 Count	6,216	13
14	Garden Song Box Stationery #88226	3,000	28
15	Notes-Dec Thank You Assorted #88042	5,208	17

FILES & DESK ACCESSORIES

$ Rank	Item	Unit Movement	Unit Rank
1	Ballanoff File Cabinet 2 Drawer 182WB	1,466	20
2	Ballanoff File Cabinet 4 Drawer 184WB	761	38
3	Ballanoff Security Chest 01387	1,342	25
4	Rockaway Cash Box H260	2,211	12
5	Ballanoff Porta File #02612	4,472	1
6	Ballanoff Security Chest #01385	1,128	27
7	Ballanoff Porta Check File Plastic #02499	4,348	2
8	Rockaway Security Chest H300	873	33
9	Rockaway Check File H280	1,464	21
10	Ballanoff Porta Giant File #1912	1,452	22
11	Sterling Desk Mate #288	2,481	11
12	Sterling Memo Holder 4 x 6 Smoke #285	2,484	10
13	Ballanoff Security Chest #1383	570	44
14	Sterling Desk Tray (with Cutout) #282	3,307	6

(Continued on page 51)



STATIONERY

(Continued from page 50)

WRITING INSTRUMENTS

$ Rank	Item	Unit Movement	Unit Rank
1	Papermate Erasermate Pen #38004	191,292	2
2	Empire Pencils 10 Pack #1018	199,272	1
3	Bic Pens 10 Pack S2505	58,824	4
4	Scripto Erasable Pen	68,664	3
5	Bic Click Value Pack 5207	29,364	10
6	Papermate Wright Bros. Stick Pen 10 Pack #93060	30,240	9
7	Magic Marker Markers 20 Pack	17,395	18
8	Bic 3 Piece School Special S69	54,776	5
9	Parker Jotter Ball Pen #3023	7,380	64
10	Bic 5 "Star" Pack Medium Pen S1254	23,433	13
11	Bic Banana Ink Crayons IC198	13,200	33
12	Bic Four Color Pen MF198	11,136	41
13	Papermate Erasermate Refill Blue 42104	15,408	22
14	Scripto Stick Pens 10 Pack B109	12,864	34
15	Berol Roller Pen Blue Special 3 Pack	14,376	23

SCHOOL PAPER AND THEME BOOKS

1	Mead Filler Paper Wide Margin 200 Count	573,121	1
2	Mead Filler Paper Narrow Margin 200 Count	242,184	2
3	Mead Spiral Notebook 70 Count	294,888	3
4	Mead Theme 5-Subject 200 Count	44,436	12
5	Stuart Hall Filler Paper Wide Margin 150 Count	78,912	7
6	Mead Theme 3-Subject 120 Count	61,152	8
7	Union Camp Spiral Notebook 100 Count	41,400	14
8	Mead Theme 5-Subject 200 Count	17,232	24
9	Mead Spiral Notebook 40 Count	44,244	13
10	Stuart Hall Filler College 100 Count	20,388	20
11	Stuart Hall Star Wars Theme Book 5517	25,056	18
12	Union Camp Theme College 8 x 11 100 Count	13,248	33
13	National Blank Book Theme Book 4-Subject 6-Pocket	7,032	58
14	Stuart Hall Theme Book 9½ x 6 108 Count	12,144	36
15	Critter Sitter Theme Book 70 Count #05342	12,072	37

BINDERS AND PORTFOLIOS

$ Rank	Item	Unit Movement	Unit Rank
1	Trapper Keeper Binder #29096	12,024	38
2	Organizer Binder #29400	11,364	39
3	Data Center Binder #29300	10,392	42
4	Duotang Report Cover 3H 2 Pocket	79,025	6
5	Scholar Set Filled Binder #29610	5,616	70
6	Star Wars Portfolio #8445	52,272	10
7	Binder Canvas Clip 3 RG	8,736	50
8	Portfolios 2 Pocket 5 Pack	19,260	22
9	Canvas Binder 2 in.	5,316	74
10	Duotang Report Cover 2 Pocket #50125	91,375	4

TYPING SUPPLIES

1	Stuart Hall Typing Paper 200 Count	47,028	1
2	Liquid Paper Correction Fluid White #564C	19,920	2
3	Mead Erasable Typing Tablet 40 Count	13,932	4
4	Carter Carbon Paper #65200	16,128	3
5	Mead Add-Calculator Rolls #65125	8,268	8
6	Sheaffer Eaton Type Tablet Corrasable #34416	7,296	9
7	Carter Expert Corrector Tape #65058	8,376	7
8	Mead Typing Tablet 40 Count	12,084	6
9	Sheaffer Eaton Type Pkt Corras 16 lb. #36416	4,416	11
10	Liquid Paper Typewriter Ribbon Universal	5,016	10

Biz to Stay Big

(Continued from page 50)

notebooks also placed in the top 15. Specialty books, such as National's 4-subject, 6-pocket, are also on the rise. Fashion theme books, as well as portfolios, were led by Star Wars from Stuart Hall and Critter Sitter from Mead.

Portfolio dollar sales were increased by the multipacks, which afford the consumer a value while limiting retailer expense in handling and ticketing. Binder sales were led by 1979's new entry, Trapper Keeper from Mead. This manufacturer's TV support of specialty binders has pumped new growth into this previously stagnant segment. A new 1981 entry from Mead, the Flex 3, should do well with the help of a healthy ad budget.

The strongest growth in the department has been and will continue to be in the home office product segment. Marketing innovations which have created products and packaging suitable for resale in the mass merchandiser outlet, supplemented by aggressive retailer ad support, have stimulated sales to both home users and small offices. Leading th growth have been file cabinets and security chests with a 61% gain in 1980. Office supplies including steno books, file folders, bookkeeping records, legal pads, and clasp envelopes enjoyed a 30% gain with Boston. Year-round advertising support, carefully merchandised product assortments, and suitable space allocation will enable the retailer to take advantage of the sales and profit opportunities presented by this important growth area.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

'IFSOS' Formula Is Urged For Ads

CHICAGO—The "IFSOS" formula is the key to retail advertising in the 80's, according to Alfred Eisenpreis, vice president, retail marketing, for the Newspaper Advertising Bureau headquartered in New York.

"IFSOS," an acronym for Identify, Focus, Simplify, Organize and Sell, was at the heart of the presentation Eisenpreis and Jerry Hoegner, vice president, communications, The Higbee Co., made at the annual Retail Advertising Conference held here last month.

The formula was offered to retailers as an alternative to tried and true ad efforts that "may have become a little too familiar to a consumer population that expects change," according to Eisenpreis.

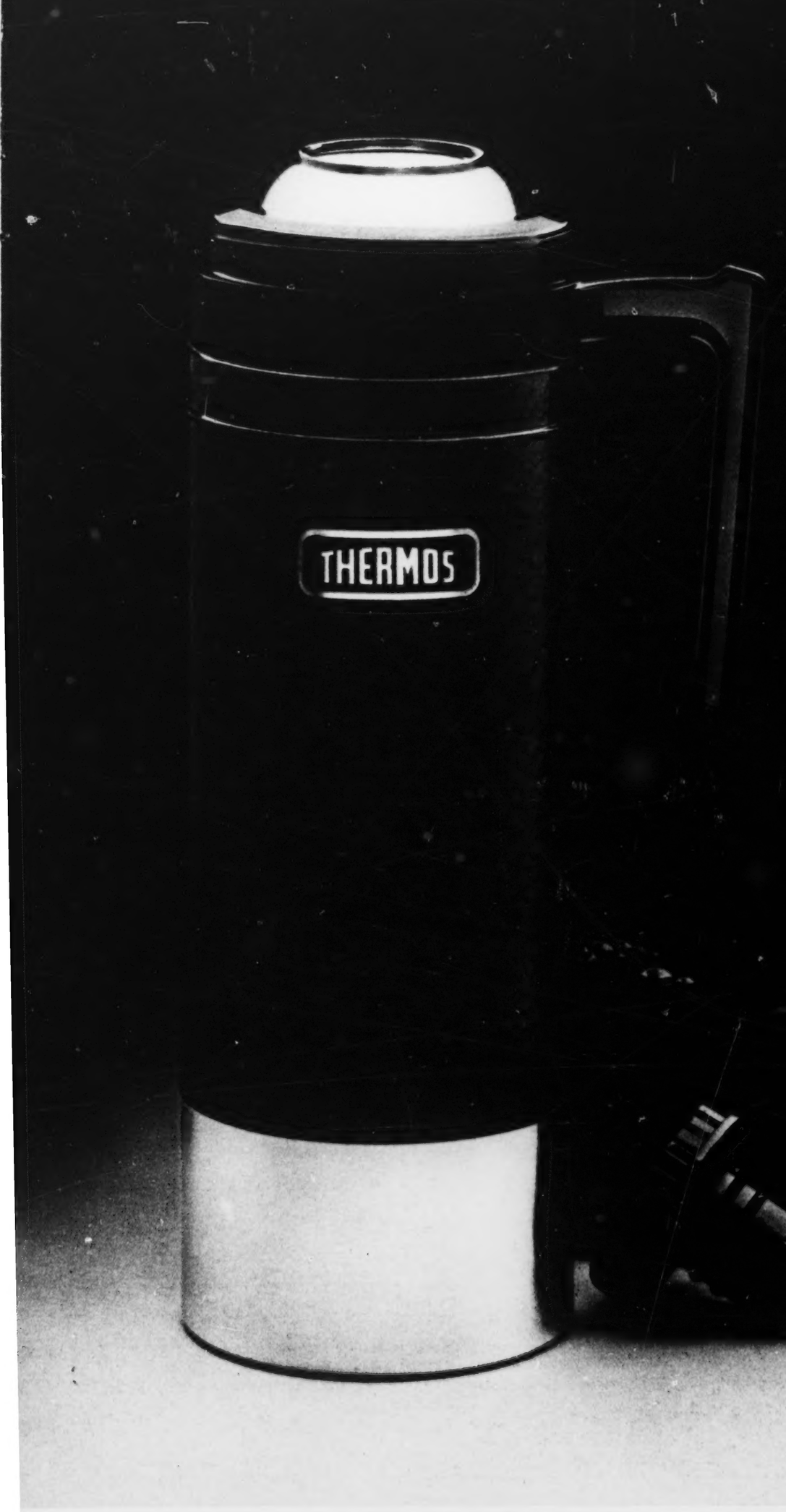
Innovative Techniques

More carefully detailed, "IFSOS" advertising urges retailers to:

- Identify: Ads should telegraph who you are and who your target customer is.
- Focus: Use a dominant element to focus reader's attention on your ad.
- Simplify: Define purpose of each ad, then eliminate everything that is not essential.
- Organize: Help your busy customer make the best use of your time. Make advertising a preshopping service.
- Sell: Always important, but sometimes more urgent . . . talking customer benefits can move traffic into your store when you must move merchandise out.

FROM THERMOS

A free Grabber™ handle with every Standard Steel™ Vacuum Bottle means business will pick up.



Thermos has always kept things hot with new products to sell. This year, we've also got a whole new way of selling them.

When you order the Touch Top,™ you won't just get the beverage dispenser people can't wait to get their hands on. You'll also get a pair of CUPanions,™ the light, unbreakable insulated cups, packed with it.

And if that idea grabs you, so will the promotion for the Thermos® Standard Steel™ Vacuum Bottle. Every one comes with the Grabber™ handle, which makes it pour like a pitcher.

These promotions are a big plus because they add value (our suggested retail price for CUPanions is $3.50; for the Grabber, $5.00). Yet they don't add any extra work.

You get either promotion on-pack, automatically. You don't handle it, wrap it or pay for it. You just sit back and let it work for you.

So this spring, why not put a little heat on the competition? Just call your Thermos Sales Representative and ask about Thermos on-pack promotions.

Once you find out what they do for sales, the thought of selling anything else will leave you cold.

The Original American THERMOS® Company

Thermos Division
King-Seeley Thermos Co. Norwich, CT 06360
800-243-0745

®Thermos is a registered trademark of the King-Seeley Thermos Co.

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Coast Ordering Gains For New Housewares

By Jerry Falk
Executive VP,
Bacar Inc.

A handful of new items scored high on the housewares Product Movement Audit report for January covering West Coast markets. This occurred despite the predominant interest in restocking basics that sold out during the holiday period.

The new items that were among the top sellers included a Libbey 7-oz. Margarita glass; Corning Glass Dimension IV dinnerware; Nordic microwave cookware; Kellogg Capt. Hook angled broom, and Corning Ware French White cookware.

Their strong showing denoted the continued interest among discounters and other retailers for new products and fashions to stimulate housewares sales in the face of the lagging economy.

Promotions are the other area that discounters are banking on to draw shoppers. The PMA doesn't include promotional offerings because of the short-term impact that such items make and which doesn't reflect the long-term movement that is tracked in the audit. The interest in promotions, however, is evident from demands for this merchandise from retailers, and from the strong interest in local housewares shows where promotions are a key inducement from manufacturers.

As for the PMA report, the new items illustrate basic trends to watch in housewares. The Margarita glass, for example, denotes the entertainment habits indigenous to the southern California area. That interest includes heavy consumption of wine, as the state is a leading wine producer; wine glasses accounted for three of the top five listings.

Twenty-four-piece glassware sets accounted for the other two places due to the value such sets offer consumers.

The informal lifestyle that is the hallmark of West Coast consumers is responsible for a number of items scoring high on the report. This includes Corning Glass' new Dimension IV 16-piece dinnerware and Corning Ware cookware in the French White pattern.

Another major housewares trend very strong on the West Coast is the interest in microwave cooking. Cookware specifically geared for microwave ovens showed up on both the cookware and Corning Ware listings.

In the latter report, the new items included the 1-qt. Cook 'N Pour cup and a 10-in. browning skillet. On the cookware au-

(Continued on page 61)

HOUSEWARES

These housewares figures for Jan. 1-Jan. 31, 1981, were supplied by Bacar Inc., distributors, San Jose, Calif., and cover 1,300 stores, including 200 discount department stores. Average retail prices listed by Bacar reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	BATH SHOP			
1	Grayline large shower caddy, white	2,082	5.12	10,659.84
2	Grayline shower caddy	1,200	3.14	3,768.00
3	Selfix portable wall/hand shower	140	8.99	1,258.60
4	Selfix shampoo spray	624	1.98	1,235.52
5	Kellogg bowl brush, plastic handle	1,164	0.98	1,140.72
6	Kellogg bath brush, nylon	684	1.43	978.12
7	Empire bowl brush, wood handle	959	0.98	939.82
8	3M bowl brush	324	2.87	929.88
9	Borg scale, square, brown	64	13.94	892.16
10	Empire sponge bath brush	372	2.33	866.76
	RUBBERMAID			
1	30-gal Roughneck can, chocolate	925	23.35	21,598.75
2	30-gal Roughneck can, avocado	816	23.35	19,053.60
3	22" hi Covered wastebasket, lift-top, almond	1,104	7.55	8,335.20
4	Rectangular laundry basket, chocolate	1,560	5.21	8,127.60
5	22"-high Covered wastebasket, lift-top, gold	1,069	7.55	8,070.95
6	Ice cube tray	8,159	0.89	7,261.51
7	Rectangular laundry basket, almond	1,362	5.21	7,096.02
8	Rectangular laundry basket, gold	1,290	5.21	6,720.90
9	12" wide Slide-out drawer, almond	678	8.95	6,068.10
10	32-gal Roughneck can, chocolate	228	23.35	5,323.80

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CORNING WARE			
1	Microwave set	233	44.38	10,340.54
2	10" Microwave browning skillet	273	24.35	6,647.55
3	2½-qt Round casserole, French White	402	15.74	6,327.48
4	1-qt Microwave Cook 'N Pour	384	15.51	5,955.84
5	Counter-Saver, large, Wildflower	237	23.73	5,624.01
6	10" Pie plate, French White	573	9.57	5,483.61
7	Casser-ette dish	717	7.59	5,442.03
8	Grab-It set	507	10.70	5,424.90
9	Counter-Saver, large, Cornflower	240	21.68	5,203.20
10	Kitchen Starter set, Spice	110	44.43	4,887.30
	PYREX			
1	3-qt Oblong bake dish	2,309	5.27	12,168.43
2	3-qt Utility dish w/basket	444	14.41	6,398.04
3	2-qt Oblong bake dish	1,350	4.68	6,318.00
4	3-pc Mixing bowl set, clear	780	6.71	5,233.80
5	1-qt Liquid measure	1,307	3.59	4,692.13
6	1-cup Liquid measure	2,208	2.00	4,416.00
7	3-qt Utility dish, Fireside	810	5.14	4,163.40
8	1-pt Liquid measure	1,566	2.53	3,961.98
9	2-qt Casserole dish, w/basket	264	14.41	3,804.24

(Continued on page 61)

To master the market, mastermind the store.

Imagine every shopper no more than a few steps away from reaching your store at any hour of the day. And suppose you could respond to customer questions, consult and update your inventory data base, and complete the sale all in the same phone call.

Teleshopping from the Bell System lets you do all of this and more, at a time when customers can no longer afford to overlook the rising cost of shopping by car.

Teleshopping turns your communications system into a profitable sales resource. It combines the call distribution features of our Dimension® PBX Retail System with the data communications capabilities of our Dataspeed® terminals and your computer.

In the space of a single phone call from a customer familiar with your catalogue, teleshopping allows you to earmark a given inventory item, print a bill and speed it on its way, and add pertinent information to statistical records you can use to forecast market trends.

Increased productivity, improved customer service, more dynamic record-keeping, greater insight into buying trends... we're ready now to work with you to design a totally integrated voice and data system that answers your teleshopping needs.

One call to your Bell Account Executive starts the process.

The knowledge business

Coast Ordering

(Continued from page 57)

dit two items from Nordic, a Micro-Go-Round and a bacon rack, were Nos. 1 and 3; an Anchor Hocking bacon rack was No. 9.

Replenishment of basics was especially evident in such categories as gadgets, plastics, bath shop, cleaning and chemicals and Rubbermaid.

Most of the items on these five charts carried retails of under $5. Discounters were restocking these products because the cost enables them to be featured at the regular retail tag in chain-developed ads geared to promoting price points such as $1 or two for $3.

Using these items means that discounters don't have to be concerned about selling out nonbasic promotional goods as these basics are just returned to the everyday mix once a promotion is over.

The greatest unit movement recorded in the report went to housewares that are used for spring cleaning, such as brooms, dustpans and vacuum bags.

Cleaning and chemical items and bath shop products used for cleaning, such as bowl brushes, become increasingly important during the first quarter of the year, and the heavier unit movement was indicative of this.

HOUSEWARES

(Continued from page 57)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	TABLETOP			
1	Corelle 20-pc set, gold	429	38.78	16,636.62
2	Expressions 20-pc set, Wildflower	217	63.09	13,690.53
3	Corelle 20-pc set, white	356	36.82	13,107.92
4	Expressions 20-pc set, Indian Summer	205	63.09	12,933.45
5	Corelle 20-pc set, Woodland	262	38.78	10,160.36
6	Corelle 20-pc set, blue	237	38.78	9,190.86
7	Dimensions IV 16-pc set, Cinnamon	171	38.98	6,665.58
8	Expressions 20-pc set, Meadow	98	63.09	6,182.82
9	Expressions 20-pc set, Strawberry	70	63.09	4,416.30
10	Dimensions IV 16-pc set, Citrus	91	38.98	3,547.18
	GLASSWARE			
1	Libbey 6½-oz tall wine, Citation	784	5.94	4,656.96
2	Anchor Hocking 24-pc set, Good Time	169	21.60	3,650.40
3	Anchor Hocking 24-pc set, Newport Crystal	194	17.90	3,472.60
4	Libbey 6½-oz red wine, Citation	504	5.94	2,993.76
5	Libbey 11-oz white wine, Citation	479	6.03	2,888.37
6	Libbey 7-oz Margarita glass	1,328	2.07	2,748.96
7	Libbey 5-gal crystal Pig	94	28.80	2,707.20
8	Libbey 10-oz goblet, Citation	455	5.94	2,702.70
9	Libbey 16-oz cooler, Gold Bolero	750	3.60	2,700.00
10	Anchor Hocking 2-lb sq candy jar w cover	1,188	2.25	2,673.00
	COOKWARE			
1	Nordic Micro-Go-Round	1,122	47.69	53,508.18
2	T-Fal 18" skillet	2,675	11.69	31,270.75
3	Wear-Ever Preferred 10" fry pan, SilverStone	1,775	10.35	18,371.25
4	Nordic Micro bacon rack	1,776	7.64	13,568.64
5	Wear-Ever Preferred 8" chef pan, SilverStone	1,266	8.09	10,241.94
6	Melitta 10-cup drip coffeemaker	1,002	8.09	8,106.18
7	Gen. Hswrs Graniteware 7-qt spghtti ckr	550	14.36	7,898.00
8	Revere 3½-qt tea kettle, cop-btm	427	18.00	7,686.00
9	Anchor Hocking microwave bacon rack	1,194	6.02	7,187.88
10	Supreme 10" tube cake pan	984	6.74	6,632.16

Service

(Continued from page 11)

The mailing of catalogs to prime customers has resulted in Service Merchandise holding down distribution to about 6.5 million copies as the number of showrooms grows from 101 to the projected 121 units.

The company produced its first catalog in the 1980-81 season and estimated production costs were about 12% less than the cost of buying the same number of books from Creative Merchandising.

(Service Merchandise and L. Luria left the Creative group last year, the former to become an independent cataloger and the latter to join the Mutual Merchandising group. This resulted in a 25% drop in revenues for Creative Merchandising, a subsidiary of Modern Merchandising.)

Service Merchandise's effort to generate more bottom-line profits includes testing hard goods specialty stores that are natural extensions of categories carried in the showrooms.

More Stores

The first specific move was the opening of two toy, sporting goods and juvenile products stores under The Toy Store logo. Executives declined to comment on a possible move into photo and consumer electronic specialty stores as the next step.

The two toy stores follow the format of other toy specialty stores in which merchandise is mass displayed and only the top-selling items are sharply priced to meet competition, with most other goods carrying higher margins and generating the most profits.

Size Varies

The two stores' mix of about 12,000 sku's is four times larger than the assortment for these categories carried by a Service Merchandise showroom.

Use of The Toy Store logo without any identification with Service Merchandise has enabled the cataloger to price items in the specialty store differently from the same goods in the showrooms.

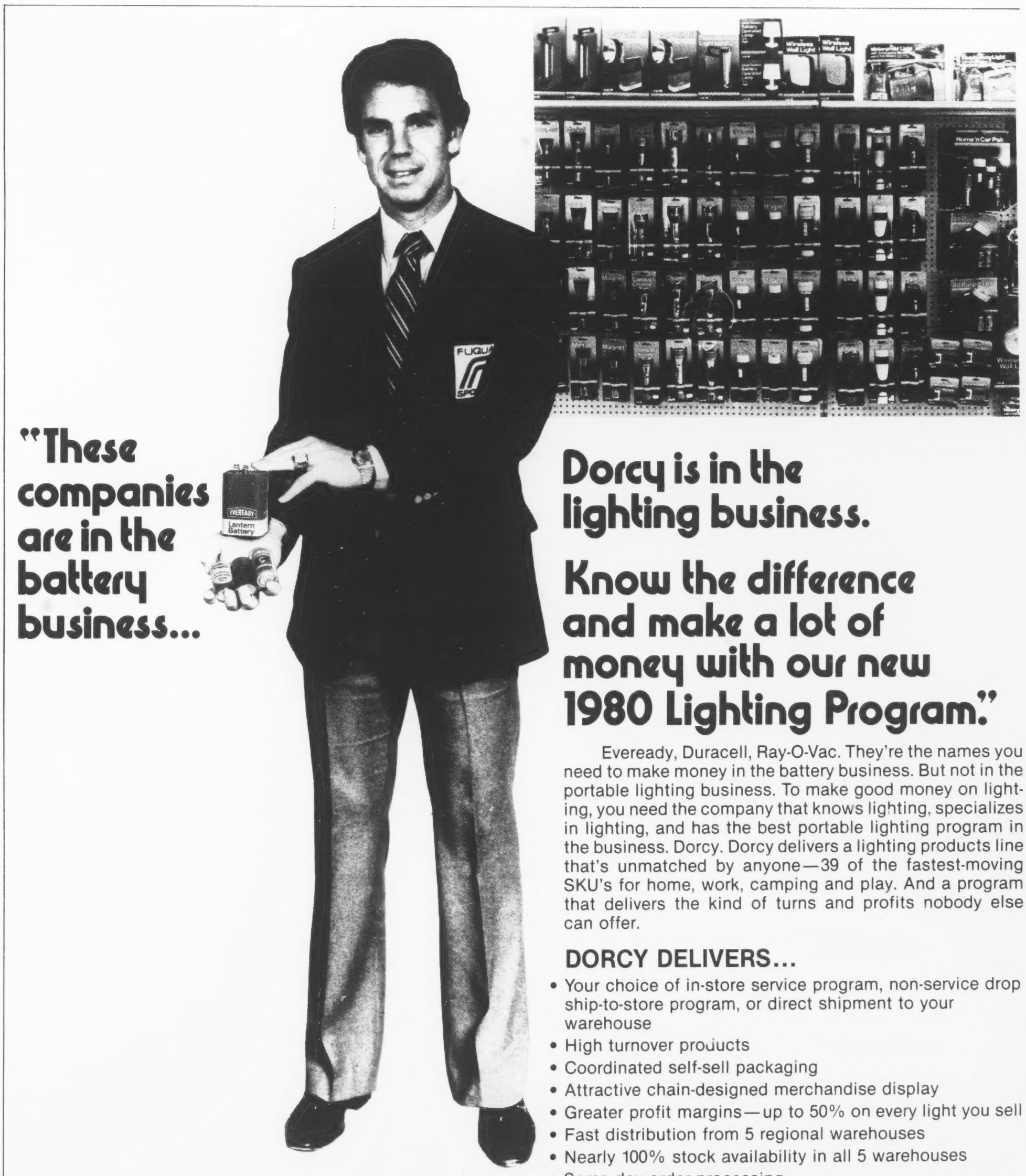

"These companies are in the battery business...
EVEREADY
Lantern Battery
Dorcy is in the lighting business.
Know the difference and make a lot of money with our new 1980 Lighting Program."
Eveready, Duracell, Ray-O-Vac. They're the names you need to make money in the battery business. But not in the portable lighting business. To make good money on lighting, you need the company that knows lighting, specializes in lighting, and has the best portable lighting program in the business. Dorcy. Dorcy delivers a lighting products line that's unmatched by anyone—39 of the fastest-moving SKU's for home, work, camping and play. And a program that delivers the kind of turns and profits nobody else can offer.
DORCY DELIVERS...
• Your choice of in-store service program, non-service drop ship-to-store program, or direct shipment to your warehouse
• High turnover products
• Coordinated self-sell packaging
• Attractive chain-designed merchandise display
• Greater profit margins—up to 50% on every light you sell
• Fast distribution from 5 regional warehouses
• Nearly 100% stock availability in all 5 warehouses
• Same day order processing
• A quarter century experience serving chains with basic programs, complete service, and traffic-building promotions.
SEE HOW DORCY DELIVERS FOR YOU...
Let us give you more facts on how our 1980 Portable Lighting Program can deliver bigger year 'round profits for you. Contact your Dorcy representative or write "Roger Staubach" at Dorcy Ashflash, 3985 Groves Road, Columbus, Ohio 43227.
DORCY
FUQUA SPORTS
COLUMBUS. CHICAGO. LOS ANGELES. ORLANDO. DALLAS. BOSTON. NEW YORK. NORWALK. CT. NIAGARA FALLS. CANADA

Photo Show Section: Pp. 7-19

DIY Census Section: Pp. 20-30

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Direct Imports Gain, Feed Margin-Hungry Chains

Nationwide DSN Report

A switch to an imported line of shoe roller skates by the Zodys division of Hartfield-Zodys last year generated more than a quarter of a million dollars in additional gross margin dollars.

As inflation continues to put pressure on retailers' selling costs, more and more discount chains are opting for the higher margins available on direct imports—especially in categories where brand identification is less important.

In many cases, discounters are able to stretch the margins by 10 or 15 percentage points on hard lines and some basic apparel items by starting import programs, or improving those already in operation. Imports, largely on a direct basis, now comprise approximately 10% of total inventory, on average, in discount stores. That figure could double over the next few years, according to many discounters interviewed by *Discount Store News*.

If discounters can get an additional 10 percentage points of gross margin on 10% of their sales—assuming that the 10% imported goods produce 10% of the volume—they are getting an overall increase of one point on the chainwide gross margin.

Boost that import share of volume to 20%, and you're talking about an additional two points of gross margin on your volume. Those prospects have many discounters re-examining their direct import policies.

The chains making the greatest advances in import programs are among the industry leaders, including Wal-Mart, Zodys and Target.

Wal-Mart, for example, which began its import program more than five years ago, now sends 12 buyers overseas annually for periods up to six weeks. Earlier this year the chain opened its first overseas office (in Hong Kong), staffed by two full-time executives, to serve as a base for overseas operations.

But even smaller chains such as Jamesway—which abandoned an experimental import program nine years ago because of its high cost and the chain's then low volume—are now getting into the act. (A team of four Jamesway buyers will go to Hong Kong, Taiwan, Korea and Singapore in April for apparel.)

"There's a tremendous amount of pressure these days to increase gross margins. One way is to increase imports and decrease the role of importers," explained a Zodys executive.

At Zodys as well as at most other chains, the key areas for the introduction of imports are those in which there is no dominant brand.

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Better gross margin dollar productivity comes from the 56% margins of this 684-sq.-ft. card department on the main aisle at Roses' new store in Pulaski, Va. H&BA (36% GM) was moved. *(DSN photo)*

Latest Roses Spotlights High-Margin Categories

By Doug Stinson

PULASKI, Va.—A strong emphasis on boosting gross margin dollar productivity per square foot, and virtual elimination of the promotional tables that were so predominant in the past, make the latest Roses store here the most advanced.

High-margin categories including fashion rtw, men's wear, greeting cards and wrap have been moved to dominant positions on the main traffic aisles at the entrance to the store. Health and beauty aids were moved into the left front quadrant of the 40,500-sq.-ft. store (along with, and adjacent to, consumables) to make room for the men's wear and greeting card departments. Fashion rtw is outside the race track to the right of the entrance, across from sportswear, which has frontage on both the racetrack and the midway aisle.

While H&BA's 36% margins at Roses are not low for the industry, the 56% margins in greeting cards and near-50%

(Continued on page 8)

DSN to Run Profile of Wal-Mart

NEW YORK—Wal-Mart, retailing's youngest billionaire, will be the subject of a full-issue *Discount Store News* profile in the Dec. 14, 1981, edition.

After cracking the billion-dollar barrier in the fiscal year that ended in January 1980, and lifting that volume to $1.6 billion in the year just ended, Wal-Mart's future may not be as crystal-clear as it has seemed in the past.

Wal-Mart departments have the same merchandise as any other department in any other store in the industry. What does the chain do differently in each department to make the whole so successful?

DSN will be making direct comparisons of the merchandise assortment and price point spreads in all major categories; analysis of the presentation and store-level execution will answer these questions:

Wal-Mart's operational divisions and policies are not substantially different from any chain's operations—or are they?

Does Wal-Mart have the secret formula for the most efficient distribution and replenishment of its merchandise? Do Wal-Mart's advertising, site selection, inventory control, construction or other operational procedures give it the edge?

DSN editors will be making an unprecedented effort to obtain all the inside information, all the insights and the perspectives on this chain's operations, to provide you with the full Wal-Mart story: how Sam Walton and his people do it, and what makes standard retail practices more successful there than at most other chains.

Is Wal-Mart near—or has it arrived—at the limits of growth through new stores? Will Sam

(Continued on page 44)

TSS Ups Arevalo to Key Post

BROOKLYN, N.Y.—Times Square Stores has promoted Campo Arevalo from vice president of its Puerto Rico stores to the new position of vice president and general merchandise administrator, responsible for overall merchandising of the 23-store chain.

Arevalo's promotion is one of a number of executive changes at the company:

Gary Schulman was named divisional merchandise manager for brown and white goods, seasonal and leisure items. He continues as vp, general sales manager.

Paul Chasanoff was designated dmm for occasional furniture, lighting, gifts, candy, luggage and plants.

Three new merchandisers were appointed: John Grieco for hardware; Stewart Weiner for paint and wall coverings, and Irving Fishman for occasional furniture.

Consumers Distributing Now Coordinator, Showroom Franchiser

EDISON, N.J.—In a search for new sources of revenue growth, Consumers Distributing has become a catalog coordinator and showroom franchiser. At presstime, the company expected to sign up "five or six" small, independent operators for its 1981-82 book.

The company, which will continue to run its own showrooms, has appointed Harold P. Schroer director of catalog sales, to head up the coordinating operation. He previously held a similar post with Progressive Buying Associates.

CD's move into coordinating, if successful, could become a major challenge to these coordinators and result in the consolidation of some of these smaller companies. CD's greater financial resources and direct operation of 99 showrooms in the United States, which will enable it to feed back current merchandising information to members, are seen as two key factors in attracting independent operators.

The company, which is owned by Consumers Distributing Ltd. (Canada), has showrooms in only two United States markets, the Greater New York and Greater San Francisco Areas.

CD is interested in becoming a coordinator because it would gain buying clout with manufacturers and income from sale of its book and its franchising of showrooms.

A CD executive told DSN that a number of independents had approached the company about using its catalog. The 340-page CD book is about the same size as the catalog they are using, he said, but it has 4,600 sku's while their books have 7,000 items.

"They want to hold down their inventory investment while still offering the consumer a big book. They want our book so that they could do more business from less sku's."

The independents, he added, were interested in CD because "we operate our own showrooms and select merchandise that sells because we have our own money invested in the goods."

The CD executive said the company will offer a full coordinator program that includes three different versions of its catalog, 14 flyers and its com-

(Continued on page 33)

	DSI (Jan. 1941 100)			Per cent Change To Jan. 1981	
				From	
	Jan. '81	July '80	Jan. '80	July '80	Jan. '80
Piece Goods	376.5	366.1	335.0	+ 2.8	+ 12.4
Domestics and Draperies	438.7	437.1	406.0	+ 0.4	+ 8.1
Women's and Children's Shoes	515.0	500.8	486.5	+ 2.8	+ 5.9
Men's and Boys' Shoes	633.0	616.7	599.3	+ 2.6	+ 5.6
Infants' Wear	420.7	408.5	378.8	+ 3.0	+ 11.1
Women's Underwear	345.1	334.1	317.7	+ 3.3	+ 8.6
Women's and Girls' Hosiery	204.7	201.8	193.8	+ 1.4	+ 5.6
Women's and Girls' Accessories	386.8	383.2	374.7	+ 0.9	+ 3.2
Women's Outerwear and Girls' Wear	323.3	323.0	326.4	+ 0.1	− 0.9
Men's Clothing	416.7	404.6	406.8	+ 3.0	+ 2.4
Men's Furnishings	405.0	389.1	374.6	+ 4.1	+ 8.1
Boys' Clothing and Furnishings	387.7	380.5	365.1	+ 1.9	+ 6.2
Jewelry	711.5	688.3	605.4	+ 3.4	+ 17.5
Notions	407.1	406.0	393.2	+ 0.3	+ 3.5
Toilet Articles and Drugs	481.9	465.8	442.5	+ 3.5	+ 8.9
Furniture and Bedding	468.5	460.1	441.4	+ 1.8	+ 6.1
Floor Coverings	371.4	364.8	348.9	+ 1.8	+ 6.4
Housewares	647.0	620.2	590.3	+ 4.3	+ 9.6
Major Appliances	216.1	208.8	203.1	+ 3.5	+ 6.4
Radios and Television	117.5	115.8	115.1	+ 1.5	+ 2.1
Departments 1-15, soft goods	**412.9**	**405.2**	**390.1**	**+ 1.9**	**+ 5.8**
Departments 16-20, durables	**402.2**	**390.8**	**375.6**	**+ 2.9**	**+ 7.1**
Total DSI	**409.6**	**400.6**	**385.4**	**+ 2.2**	**+ 6.3**

Source: Bureau of Labor Statistics

Durables Lead DSI Price-Index Rise

WASHINGTON—The Department Store Inventory Price Index (DSI) has been released by the Bureau of Labor Statistics, showing a general rise (durable and soft goods combined) of 2.2% from last July's figure and 6.3% from a year ago.

The DSI, which is an index of prices in 20 major departments, was measured at 409.6, up from 400.6 in July 1980, and 385.4 in January 1980. (January 1941, the base for the DSI, is set at 100.)

Durables rose at a faster pace than soft goods, with a 7.1% gain over January 1980 compared to a 5.8% climb by soft goods. The soft goods DSI is now 412.9, up from 390.1 a year ago, and the durables DSI is 402.2, up from 375.6 a year ago.

The only decline registered came in women's outerwear and girls' wear, where the new DSI was 0.9% lower than a year ago. The steepest price rises were measured in piece goods, up 12.4% from a year ago.

(The chart lists each department, the DSI in that category at its last three measurements, and the percentage change.)

Toy Mfrs.' Price Hikes, Averaging 12%, Threaten to Erode Department Margins

Nationwide DSN Report

Buyers at the Toy Fair reported that cost hikes averaging 12% were lifting price points on basic toy items beyond the level of consumer acceptance—over $10 on some basic board games—and threatening to erode department margins. Buyers are caught in the bind of choosing between lower volume levels or pared profit margins.

The lack of innovative product introductions didn't help matters. "It was like watching television in June, July and August," explained Lionel Gleichenhaus, vice president merchandising, at Jefferson. "All I saw were re-runs."

Mike Sadler, merchandise manager at Fishers Big Wheel, agreed. "Toy companies were just dusting off old molds to expand on the stronger basic toy categories, and we saw nothing that we felt would fly off the shelves this year."

Buyers used board games to illustrate the difficulties facing them as they approach the new selling year.

Board games were devoid of market excitement, buyers revealed, and were the victims of cost hikes that had some buyers convinced that heavy markdowns witnessed in the category this past Christmas are here to stay.

Monopoly, for instance, went up 7% to a $6.30 cost. "If we give Monopoly a normal markup of 35% to 40%, the game would sell around the $11 price point," explained Sadler. "We see very few board games selling over the $10 level. We'll have to be like everybody else, and give Monopoly away like we all did last year."

Fishers Big Wheel has chopped Risk and Life out of its selection already, a move linked to the cost increases that brought retails to around $13.

"If customers can buy electronic games, such as Football I and Baseball I at a $9.99 retail, why would they buy a piece of cardboard for over $10? Out of 12 pieces, we'll sell three or four at regular price, and the rest will be marked down to move them out of the store," said Sadler.

And as Gleichenhaus put it: "We saw Monopoly selling for $4.99 last year. We could buy Monopoly from our competitors for less than we could from the manufacturer."

In response to price hikes

(Continued on page 43)

2 Toy Makers Answer Criticisms

Two top toy manufacturers responded to buyers' criticisms:

Randy Barton, president of Parker Brothers:

"All price increases—averaging 12%—were cost-related increases tied to inflation. But the low-end of the cost hikes were in the staple products, such as board games like Monopoly. In terms of value to the consumer, Monopoly is one of the best games on the market today. When I joined the company 20 years ago, Monopoly retailed for $5, and was rarely discounted. This year, it is rare that the customer pays over $10 because of promotional activity.

"If you go out today to buy a hardcover book, you are not just paying for the materials used to make the book. Like a hardcover book, Monopoly is not just cardboard, it is an

(Continued on page 43)

Two Bows to Swell Hills' Buffalo Cluster

BUFFALO—Hills will open two more stores in the Greater Buffalo market this summer, including one unit which will get its footage from a scaled-down Naum Bros. catalog showroom.

A 120,000-sq.-ft. Naum in the Clarence Mall in suburban Amherst is being trimmed to 30,000 sq. ft. to fit the cataloger's standard format, and a 90,000-sq.-ft. Hills will open next door to the showroom.

The other Hills is going into a former 80,000-sq.-ft. Saxon Department Store in Niagara Falls in a renovated shopping center that will be called Hills Plaza. It will be the discounter's first store in that city.

The footage freed by Naum had been used primarily as a warehouse for the cataloger's three showrooms in the Greater Buffalo area. Naum will now service the showrooms from its Rochester distribution center.

The two new stores give the discounter four units in Buffalo and eight in the Greater Buffalo market covered by Buffalo TV.

The door-to-door competition with Naum adds another cataloger to the list of those that directly compete with the discounter: Best Products in Roanoke, Va., Service Merchandise in Nashville, and David Weiss in Pittsburgh.

In fact, there is little overlapping of goods. Hills' strength continues to be apparel merchandising while the cataloger merchandises only jewelry and hard lines.

A Hills executive said his chain meets the catalogers' prices for the highly identifiable name brand items in such categories as traffic appliances, photo, toys and sporting goods.

The discounter earlier this month opened an 80,000-sq.-ft. unit adjacent to the Century III mall in Pittsburgh in an area that already includes a Service Merchandise showroom.

Hills' move into the Clarence Mall this summer will position the discounter adjacent to the Eastern Hills Mall, one of three major regional shopping centers in the Greater Buffalo market.

The Hills openings in Buffalo and Pittsburgh will be followed in the fall with the unveiling of an 80,000-sq.-ft. store in Amherst, Ohio—the third unit in the Greater Lorian-Elyria market.

Jefferson/Ward merchandises microwave ovens in the salesclerk-serviced major appliance department. The goods, as in the Bordentown, N.J., store, are on an aisle across from housewares (foreground, not shown.) *(DSN photo)*

Microwave Ovens Boom; Discounters' Slice Thin

By Arthur Markowitz

Discount stores aren't having the same success as catalog showrooms in merchandising microwave ovens—despite the booming sales reported.

The Association of Home Appliance Manufacturers reported that manufacturer unit shipments of microwave ovens/ranges in 1980 were up 29.8%—the only appliance to show any growth—and forecasts shipments this year will show a 13.1% gain, highest of any appliance.

Discounters are getting a very small share of this growth, as evidenced by the one or two sku's carried by many chains, with some even eschewing the category except for a few models offered at key gift-giving periods.

K mart carries the largest name brand selection of any discounter, up to six skus, all made by Sharp. A company spokesman acknowledged to DSN at presstime that Litton units were being tested.

A K mart source explained that the Littons were being carried "to get a better name brand into the stores, as the Sharp brand isn't as well known." He added that K mart had used General Electric when the chain first started to carry microwave ovens, but discontinued the brand because GE's line wasn't as well known then as it is now.

Jefferson/Ward is one of the few other discounters to carry Litton, but the chain's microwave oven assortment of up to a dozen models features Ward private label units as the mainstay.

(Continued on page 38)

In This Issue...

THE BIG PICTURE. Camera department buyers are looking forward to a good year, although the sales growth rate may be a bit slower than in 1980. See special photo section, pp. 7-19.

PLANE TALK. DSN's annual DIY Census section reveals that home improvement isn't producing the profits expected by many discounters. Pp. 20-30.

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Vol. 20, No. 6 March 23, 1981

Photo Show Section

Instant Cameras Star, But 110's May Pose a Serious Challenge

Instant cameras maintained their "star" status into 1981, but an increasing number of discounters are speculating that 110's may soon pose a serious challenge to the product's dominance.

Much of what happens depends on what 110 and instant cameras are introduced at the upcoming show in Miami, according to a cross-section of discounters.

But already chains such as West Virginia-based Heck's are reporting 30% of their volume is in 110 sales—just 10% behind instant sales—and buyers say a dramatic new introduction could tip the balance.

(Both 110's and instants are sold at or slightly above cost by most chains, but the 110's are expected to have the fringe benefit of spurring discounter's photo-finishing sales, which have margins of 25% to 40%.)

A key factor in whether the proportion of 110 sales surpasses instant camera sales, they said, depends on the public's response to the rapidly increasing price of instant film.

Executives with Polaroid said it is unlikely that sales of instants will be surpassed by pocket cameras, and that its One Stop was the industry's No. 1 seller last year in total units. The spokesman said there is no evidence of consumer resistance to increasing film prices and said last year was a record year for film purchases, with sales in the third quarter alone up 19% over the similar period in 1979.

Buyers for ALCO, Nichols, Jefferson and others warned, however, that with instant film price increases averaging 9% this year alone, consumer resistance is becoming an increasingly real possibility.

Concern over the price of instant film comes as the 110's are attracting renewed interest with features such as telephoto lenses and automatic electronic flashes that were once available only in high-end models, but are now being included on middle-range and low-end ones as well.

Caldor, for example, recently promoted a Keystone 110 pocket camera with a telephoto lens for $14.88. At Treasure Island, an off-brand pocket model with an electronic flash was being promoted at $17.99. Murphy's Mart was promoting an off-brand 110 with an electronic flash and telephoto lens for $18.88.

Explained a buyer for Wisconsin-based Prange-Way: "The year before last and 1980 were the years of the instant camera. Now we're finding a lot of people who are realizing that the 110's they bought two and three years ago have become obsolete."

Buyers for most of the chains surveyed said a dropoff in instant sales has not yet begun, and they reported sales increases for 1980 averaging better than 20%. Danners, for example, came in with a 20% increase. Figures for Nichols and Gee Bee were even greater, with both reporting 35% increases.

A buyer for Prange-Way said, however, that unit sales of instants dropped 30% in 1980 despite weekly promotions with "zero markup."

The buyer said pocket cameras—and in particular, middle-priced ones with telephotos and electronic flashes—rose in sales to counter the drop and are now only slightly behind instants in terms of total volume.

"For the first time I'm really getting resistance from the customer on the price of color film, and it looks like there's a tremendous growth period ahead for pocket cameras," the buyer said.

John Zurlo, a Jamesway buyer, said the chain's pocket camera sales are already even with those of instants, and may move ahead this year after several sku's of nonbranded 110's are added to the four sku's the chain already carries. Jamesway has six sku's of instant cameras.

The buyer said even if instant cameras lose out to pockets in terms of overall volume, they are nevertheless expected to remain strong sellers. He said the price of instant film will have to reach $8 or more—compared to the current $6.99 for a roll of 10 shots—before serious customer resistance develops.

Photo Dept. Sales Per Sq. Ft. Rise 6.6%

	1971	1975	1976	1977	1978	1979	1980	5-year change	10-year change	'80 vs. '79
Dept. Size (sq. ft.)	755	985	765	710	660	670	670	−31.9%	−13.5%	NC
Annual Turns	3.4	5.2	3.5	3.7	3.7	3.6	3.6	−30.7%	5.5%	NC
Volume Per Sq. Ft.	$186	$245	$337	$368	$419	$452	$482	96.7%	159.1%	6.6%
Initial Markup	22%	25%	23%	23%	23%	23%	23%	−8%	4.5%	NC
Gross Margin	21%	21%	15%	18%	17%	17%	17%	−19%	−19%	NC
Company Run	65%	85%	90%	91%	91%	91%	91%	9.2%	40%	NC

NC—no change *Source: DSN research*

Last year, discounters' photo department sales topped $2.5 billion—a 13.6% increase over the previous year. The figures indicate camera-related sales continue to be a growth area. The most substantial change since last year is the continuing increase in sales per square foot. In the last decade, the addition of more high-ticket goods has pushed the volume-per-square-foot figure up by 159.1%. The rise in the last year was 6.6%. Discounters are also continuing to get a better number of turns than they did a decade ago. The number peaked at 3.7 in 1978, but a downturn in 1979 appears to have stabilized and the number remained at 3.6 for the second consecutive year.

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DIY Census Section

DISCOUNT STORE NEWS

MARCH 23, 1981

Chains Look to Faster-Turning, Lower-Priced Items For Growth

Profit Hopes Weaken For Building Materials, Lumber

Nationwide DSN Report

Home improvement is not turning out to be the profit producer discounters had hoped for.

At least two chains, T.G. & Y. and Bradlees, are getting out of the category, and most of the others in the lumber and building material end of the business are standing pat on their inventories and looking to faster-turning, lower-priced hardware, plumbing and electrical items for new growth.

The reason for the building material pullback is twofold: the economy and more stringent store productivity requirements. With inflation, more homeowners are finding their discretionary dollars going to everyday needs; thus they are postponing nonessential home fixups. For the chains, skyrocketing operating and borrowing costs are forcing them to back away from labor-intensive, space-consuming items that don't have the turns and/or the margins they need.

"The guy who goes to a home center is looking for goods for a complete job," said Rick Giordano, Fishers Big Wheel buyer. "When he comes in here he was generally looking for some other product and then decided to shop our home improvement department. As a result, if store sales were to decline 10%, sales in my department would follow accordingly."

Still, it's not all bad news.

Energy products are still strong sellers even in big-ticket categories like ceiling fans and fireplaces. Woodburning stoves lost a lot of ground this year as the market was flooded with knockoffs and consumers began buying from installers because of their concern about fire safety. So while Jefferson was considering the category, two chains, Click and Consolidated Sales in Kentucky, got out; Bradlees was reviewing the category for possible elimination. "Our customers keep adding things to their home to save energy and after awhile those savings are eroded," summed up the buyer at Consolidated Sales.

Decorative products, too, were attracting more attention from discounters—particularly in floor and wall tiles—self-selling home improvement items many buyers classify as an impulse purchase.

Not everyone is fleeing the category.

K mart rolled out a 10-store home center test late last year in Indianapolis (nine stores) and Detroit (one) which finally consolidated all of the stores' home improvement-related departments into a single, approximately 15,000-sq.-ft. department.

(Continued on page 29)

How DIY Section Plans Shape Up

Rank	Chain	No. DIY Depts. 2/1/81	Average Sq. Ft. of Depts.	New Depts. Planned by 1/31/82
1	K mart	1,030	4,400	60*
2	Murphy's Mart	65	2,500	12
3	Fisher's Big Wheel	64	800	7
4	Rink's	45	5,000	(a)
5	Fred Meyer	39	15,000	2
6	King's	47	6,500	(b)
7	FedMart	36	15,500	0
8	Payless NW	13	6,000	0
9	S. E. Nichols	31	20,000	2
10	Jamesway	26	5,000	4
11	Two Guys	22	7,000	0
12	Jefferson	51	900	17
13	Meijer's Thrifty Acres	19	11,000	0
14	Danners 3D	14	10,000	0
15	Consolidated Sales	8	11,000	0
16	Gee Bee	3	2,000	0
17	Modell's	11	5,000	0
18	Click	6	6,000	1
19	Howard Bros.	3	20,000	0

**DSN estimates. (a) Rink's was being acquired by Cook United at presstime. (b) Home improvement department expansion plans were being postponed until after the recently acquired Barkers chain was fully absorbed by King's.*

Home Center Test at K mart

K mart Home Centers: A 10-store, two-city test unveiled by the discounter last fall consolidated hardware, paint and building materials into one department. See story, p. 24.

(DSN photo)

Two Chains Abandon Home Improvement

T.G. & Y. Ending 4-Year Operation

OKLAHOMA CITY—T.G. & Y. is getting out of the home improvement business.

"We kind of got into the category half way with promotional lumber," said buyer Dan McCormick of the four-year period during which his chain operated as many as 130 of its builder supply centers, "but we never really went the whole route."

Of the bulkier, floor-space consuming building materials, little more than promotional 2x4's; paneling priced no higher than $5.97, and 4 ft. x 8 ft. sheets of plywood in ⅜-in. and ½-in. thickness will be maintained. "Anything more sophisticated than that, we'll avoid," McCormick said.

The pullback, the result of a chain commitment to improved sales floor productivity, follows on the heels of a similar decision to cut the number of tables in the fabric departments of the chain's largest stores to improve profit d. llar returns. (See **DSN**, March 9, 1981.)

In hardware, "We're looking for a minimum of $125 a square foot in sales in the builder's supply department," said McCormick. "Of course, there are categories within the department whose sales are more like $290 a square foot, but overall that's the kind of figure we're looking for and items like vanities don't produce the profit dollars we must have."

As a result, the chain is expanding its hardware assortment by 18% to 22%, McCormick estimated: "We're going to dramatically increase our offerings in paint, plumbing and electrical. Areas with broader, popular appeal."

In electrical, 40 to 45 new sku's were added, expanding a basics-only assortment. "We carry only a handful of items that would appeal to a contractor," McCormick said. "We're really geared strictly to the consumer." The same will be true of the expanded plumbing mix.

In paint, McCormick said the chain reworked the assortment in terms of color and facings. "When the average paint sale is 3.8 gallons and you only have two gallons on the shelf, you're defeating yourself."

The good, better, best mix remains basically the same with T.G. & Y.'s own brand as the promotional line priced at $5.86 for wall and $7.44 for house paint and in the middle- to upper-price range with $8.44 for latex wall and $10.47 for latex house paint. Dupont is the high end paint at $11.88 for wall and $12.88 for house.

In addition to vanities, the chain is dropping insulation, storm doors and windows, metal storage cabinets, "and moving out of standing power tools once and for all," according to McCormick.

Bradlees Shutters Its 17 Centers

BRAINTREE, Mass.—Bradlees has shuttered its 17 home improvement centers after deciding that the department was operated "contrary to the rest of its discount store business," according to Ray Peckham, divisional merchandise manager.

"We are a self-service operation, and the home improvement business demands a high level of personal sales help," Peckham explained. "There's no question that if we had more salespeople on the floor we would have done more business. But since we can't provide proper service, we weren't doing the business."

The chain has dropped its lumber and paneling selections, and those lines that naturally tied in with those two areas, such as ceiling tiles. Home decor and paint have been expanded into their own department, and positioned adjacent to the hardware department.

"Our goal is to build a program that can survive under the self-service guidelines," Peckham said. In line with that one rule of thumb, Bradlees has stocked name brand items that the customer can readily recognize, and which are presold.

The elimination of lumber and paneling has left inventory

(Continued on page 30)

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

Mixes, Orders Are Tightened In Hardware

Tightening discounter inventory controls coupled with a typically slow January sales period were in evidence in the hardware Product Movement Audit supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio.

"Every conversation I've had with one of our customers has been about return on investment and inventory control," noted Ken Richards, director of marketing and national sales manager.

As a result, he continued, items that were once considered basics—particularly among the higher retail price-point goods—are becoming fringe items and being dropped.

A good example is in hand tools.

"A promotional line and a step-up line used to suffice. Today, with tools crossing that magic $10 price point at retail, discounters and Stem both want to fill that void with a line priced in between," Richards said.

When that void is filled, numbers will probably get trimmed in the step-up lines most discounters carry. At the same time Richards expects to see more year-round action in promotional hand tools—a phenomenon he hasn't seen in quite a while—not just in January Dollar Day Sales. In fact, Stem has just added an import tool program (Royal) to its current stock to capture more of that renewed consumer interest in promotional tools.

Some of the other trends reflected in the January PMA involved a slowdown in the number of Black & Decker power tools sold, an increase in Skil items' volume, and a strong performance by propane torches and related items.

"We showed a unit decline in the number of Black & Decker tools sold because of ad residue in the previous 30-day period. Many stores overbought in December so they cut off their orders in January."

On the plus side, Skil has cut prices on approximately 10 of its power tools. Stem expects that price cut to generate additional sales in the coming months.

The success of the propane torches and accessories was rooted in winter. The items are used to unfreeze pipes and they have become very strong seasonal sellers and ad items in the last several years, Richards noted.

Looking ahead, the distributor expects his discounter customers to buy conservatively through the end of the year.

"People are going to control their inventories better than they ever have before; they're also going to put a lot more effort into their advertising and merchandising plans." So while it won't be a bad year, it will be a cautious one.

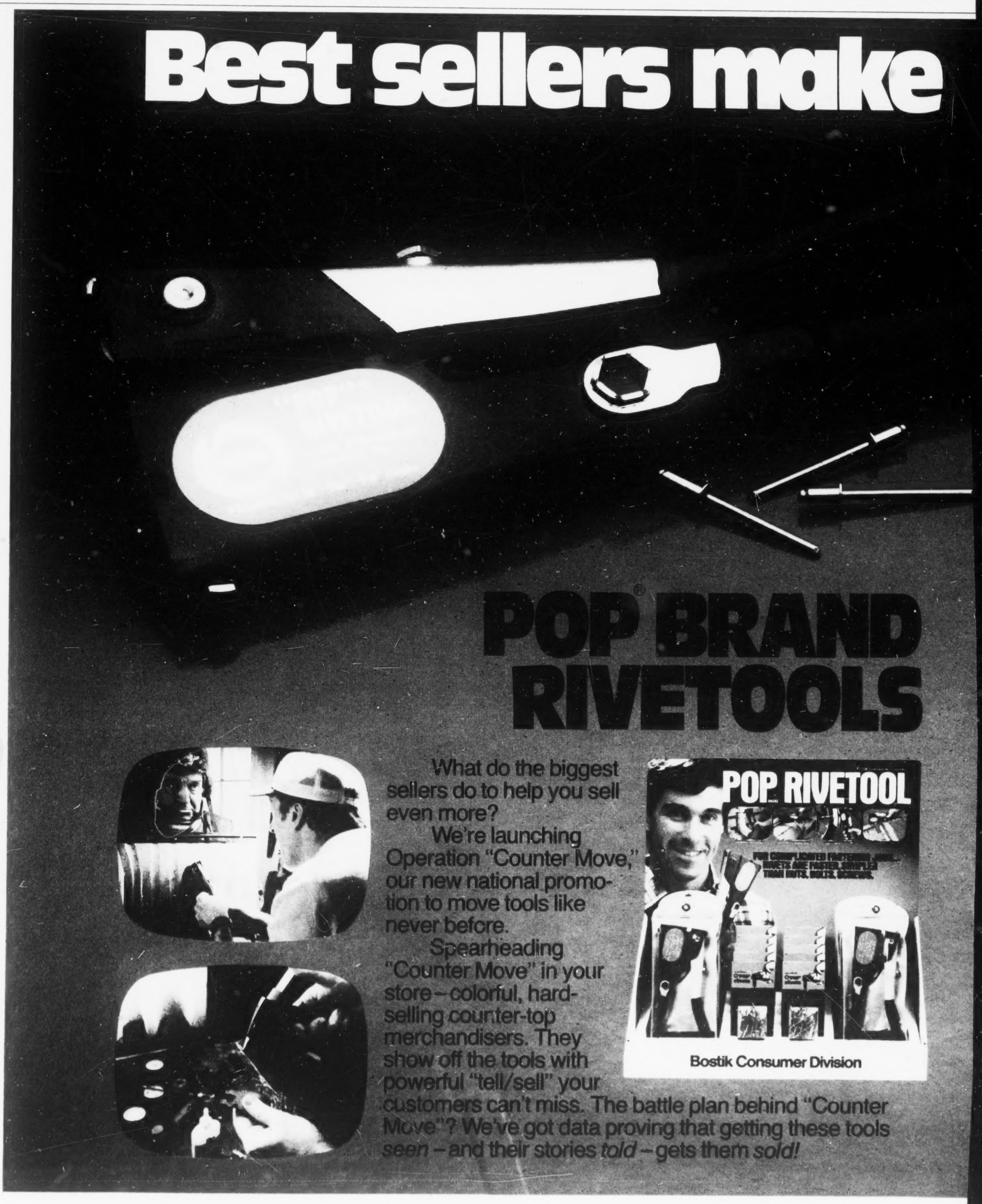
HARDWARE

Figures, which are for January, were supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, and cover 600 stores, including 480 discount department stores. Average retail prices listed by the distributor reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	BLACK & DECKER			
1	71-055 Drill Guide	1,557	11.29	17,578.53
2	79-003 Workmate Single Height	322	47.13	15,175.86
3	79-020 Bench Top Workmate	255	37.87	9,658.13
4	79-001 Workmate 29" Dual Ht	87	95.29	8,290.23
5	7504 Jigsaw dbl/insul	607	13.33	8,091.31
6	7104 3/8 Drill dbl/insul	462	16.80	7,761.60
7	79-009 Workmate 27" Dual Ht	83	75.33	6,252.39
8	7190 3/8 V.S Drill Rev-lock	181	31.86	5,766.66
9	7600 Router 5/8 HP	185	30.33	5,611.05
10	7300 5½ Circ Saw	164	27.83	4,564.12
11	74-495 Sharp N Sand	160	23.88	3,820.80
12	7308 ¼ Circ Saw	104	36.43	3,788.72
13	7204 ½ Drill dbl/insul	89	34.18	3,042.02
14	7004 ¼ Drill dbl/insul	234	12.83	3,002.22
	TOOLS			
1	OX-2500 Bernz Tote Torch Kit	505	33.00	16,665.00
2	TX9 Bernz Fuel Cyl	5,844	2.47	14,434.68
3	UL100 Bernz Propane Blow Torch	1,374	9.43	12,956.82
4	JT25 Bernz Torch Kit Plastic Box	462	21.23	9,808.26
5	T50 Arrow Staple Gun Chrome	601	14.50	8,714.50
6	PL425 Stanley 25' Powerlok Tape	532	10.55	5,612.60
7	143 B C Natural 3" C Clamp	2,964	1.84	5,453.76
8	OX-9 Bernz Oxygen Cylinder	1,056	4.95	5,227.20
9	PL 320 Stanley 20' Powerlok Tape	512	9.12	4,669.44
10	SB 201-4 Screwball Driver w socket	376	12.32	4,632.32
11	PL-19 Waterloo 19" Box One Tray	438	9.23	4,042.74
12	420G Chanlck Plier 9½ Pump	596	6.56	3,909.76
13	E24A Estwing Sportsman Axe	238	16.11	3,834.18
14	JT21 Arrow Staple Gun	473	7.78	3,679.94
15	385-55-3 Ajax Home Rivet Tool	486	7.55	3,669.30

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	POWER TOOLS			
1	8200 PK Weller 100 40W Soldergun	380	18.65	7,087.00
2	PR19 Wen 3" belt sander dbl insul	75	45.75	3,431.25
3	16 L25 Lenk 25W Solder Gun	579	4.96	2,871.84
4	Oxwall 3000 Drill Press Stand	154	18.20	2,802.80
5	599 Skil 3/8 Var Rev Xtra Tool	45	61.96	2,788.20
6	SK600 Skokie Router Bit 6 pc set	148	16.01	2,369.48
7	203 USM Elec Glue Gun	302	7.74	2,337.48
8	2002 Skil 3/8 Cordless drill	52	41.36	2,150.72
9	593 Skil Sand Cat Sand	39	54.69	2,132.91
10	943 Wen 7" Sander Polisher	47	44.10	2,072.70
11	D550PK Weller 240 325W Soldergun	70	26.20	1,834.00
12	574 Skil 7¼ Circ Saw 13hsp	44	39.09	1,719.96
13	1150 Pro-Arc Welder Kt 115 vlt	17	98.58	1,675.86
14	534 Skil 6½" 1.1.2HP Circ Saw	30	54.69	1,640.70
	PLUMBING			
1	PC 3600 Flo Cast Iron pump pedestal	133	70.76	9,411.08
2	SC3000 Flo Cast iron Pump-Submers	68	105.70	7,187.60
3	B600 Manco Duct Tape 2" x 60 yd	1,107	4.65	5,147.55
4	FRD60 Manco Fire-Guard Duct Tape	1,152	4.10	4,723.20
5	560 U-Plm Toil Tank Repair Kit	660	5.18	3,418.80
6	760 U-Plm P-Trap 1¼ Bathroom	576	5.27	3,035.52
7	5102 Nasco Master Plumber Qt	2,292	1.25	2,865.00
8	88TM White Al Amer wood toilet seat	408	6.62	2,700.96
9	767 U-Plm J-Bend 1½ chrome	668	3.86	2,578.48
10	761 U-Plm P-Trap 1½ Kitchen	396	6.42	2,542.32
11	766 U-Plm J-Bend 1¼ chrome	624	3.47	2,165.28
12	L1400 Aqua Kitchen Fauct w spray	61	35.09	2,140.49
13	SM 3000 Flo Plast Pump submersbl	21	97.30	2,043.30

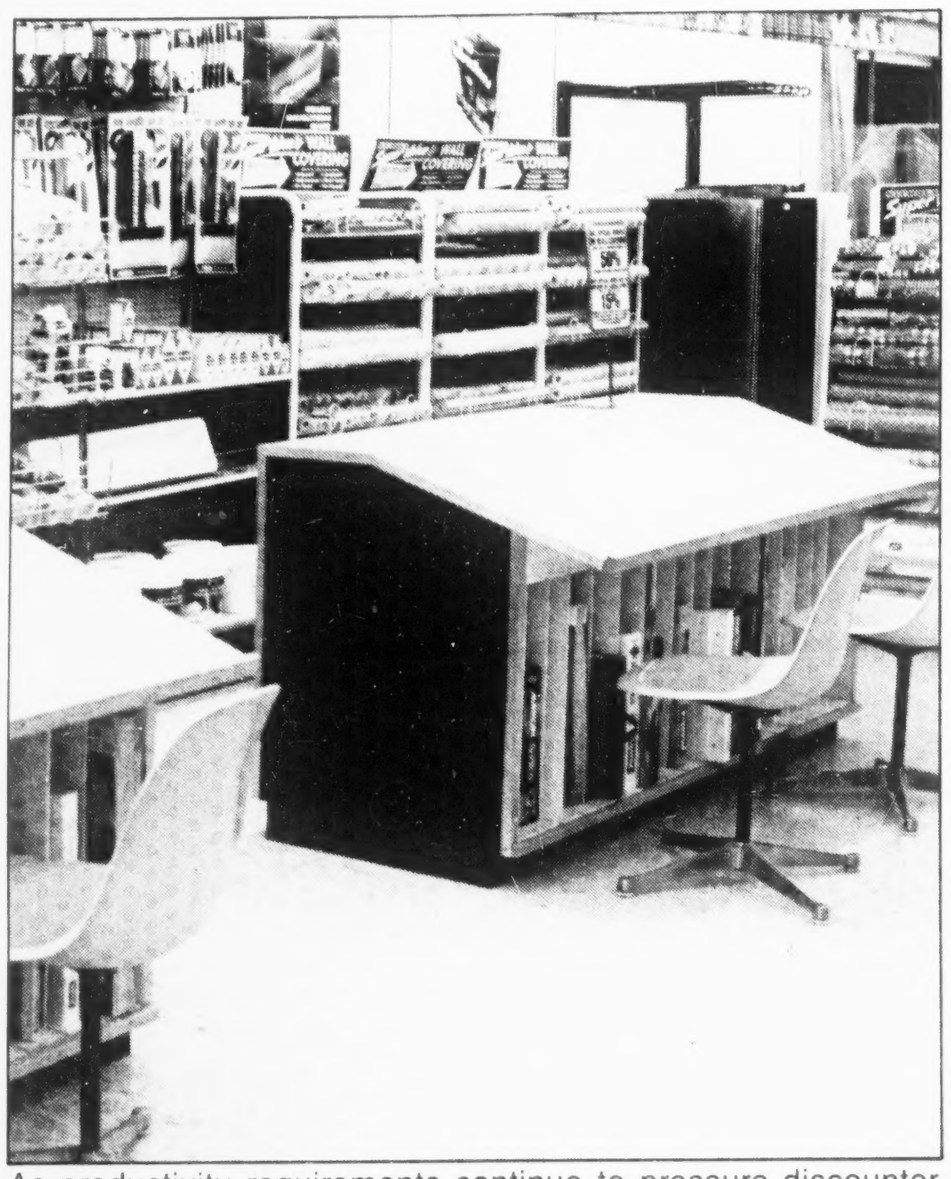
(Continued on page 29)


Best sellers make
POP® BRAND
RIVETOOLS
POP RIVETOOL
What do the biggest sellers do to help you sell even more?
We're launching Operation "Counter Move," our new national promotion to move tools like never before.
Spearheading "Counter Move" in your store – colorful, hard-selling counter-top merchandisers. They show off the tools with powerful "tell/sell" your customers can't miss. The battle plan behind "Counter Move"? We've got data proving that getting these tools *seen* – and their stories *told* – gets them *sold!*
Bostik Consumer Division

HARDWARE

(Continued from page 28)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ELECTRICAL			
1	OR600RC Lutron U L Rotary Dimmer	2,115	4.08	8,629.20
2	P220 Manco ¾ x 66 Vinyl Elec Tape	4,896	1.35	6,609.60
3	SL-1K Flor Shop Lit Comp 40W-48"	362	16.15	5,846.30
4	4484 D225 25 ft Tbllite Plas Guard	948	5.23	4,958.04
5	CFL-22 Con-Serv Flour Lite Scru-in	492	9.93	4,885.56
6	PA 15X Flour U Cab Fix w o outlet	592	7.07	4,185.44
7	T10-1141 RSHAW 24V Econ Heat Stat	453	8.12	3,678.36
8	DR600PS Lutr UL Dimr Push On Off	732	4.97	3,638.04
9	4170 151-6-8 1⅛ Clamp-on lite	604	4.67	2,820.68
10	WRW220 Flo Wrap Arn Fix 2-20W-24	98	27.02	2,647.96
11	WRW240 Flo Wrap Arn Fix 2-40W-48	85	28.73	2,442.05
12	U100 Alliance Tena-Rotor Automat	42	48.69	2,044.98
13	DR603PC Lut 3 Way Dmr Push On Off	254	7.84	1,991.36
14	XP150UL Thyrocon Phot-Cell Cockt	340	5.65	1,921.00
15	T40-1143 RSHW 24V DLX HT CL T-Stat	112	16.60	1,859.20
	HOME IMPROVEMENT			
1	702 Hoyne Clear Mirror Tile 12 pc	2,380	13.53	32,201.40
2	G2420 Garbage Bag HD 26 gal 20cn	8,976	2.25	20,196.00
3	730 Perfection Portable Heater UL	271	36.50	9,891.50
4	050 17000 Clear Vinyl Runnr 27" x 125	75	105.47	7,910.25
5	051 7200 Gold Vinyl Runner 27" x 125	57	105.47	6,011.79
6	310 Blk Natco Rub Matting 36" x 105	31	191.67	5,941.77
7	2' x4' x⅛" pegboard	4,400	1.26	5,544.00
8	X18 T Temp Prom Steel Snow Shovel	1,032	5.04	5,201.28
9	P850 Thermwell Poly sheet 8 x 50	432	8.83	3,814.56
10	P650 Thermwell Poly sheet 6 x 50	564	6.75	3,807.00
11	052 17300 Grn vinyl runner 27" x 125	33	105.47	3,480.51
12	P350 Thermwell Poly Sheet 3 x 50	888	3.81	3,383.28
13	6 ft wood Stepladder special	141	23.30	3,285.30
14	24 A T Temp silicone Alum Pusher	318	10.25	3,259.50
15	CI8T TT PVF Alum Snow Shovel	438	6.98	3,057.24



As productivity requirements continue to pressure discounter sales-per-square-foot requirements, decorative home improvement products like those at Nichols, Salisbury, Md., gain popularity and space. *(DSN photo)*

Profit Hopes

(Continued from page 20)

S. E. Nichols renovated and expanded its 28 home improvement centers—the largest in the industry at 18,000 sq. ft.—and has plans to open six more this year.

Fred Meyer underscored its commitment to the category with plans to open two new 15,000-sq.-ft. departments this year and to stage a giant DIY show in the Portland Coliseum. Fred Meyer management hopes the event will draw 50,000 DIY enthusiasts.

A Different Perspective

Other chains, like T.G. & Y., moved in the opposite direction and decided to eliminate builder supply departments. T.G. & Y. operated 130 at the beginning of the year and will drop builder supplies in favor of expanded hardware, plumbing, electrical and paint departments. It will continue to stock a sampling of promotional 2x4s, 4x8 sheets of plywood and paneling priced under $5.99.

The decision to redline the department was the result of stricter productivity demands: "We want an average of $125 a square foot in sales," buyer Dan McCormick said, explaining the chain's decision to stop carrying vanities, insulation, storm doors and windows and metal storage cabinets.

Bradlees, too, found that the sluggish sales and labor pains of running a home improvement center did not justify the space allocation, and made the decision to shift its emphasis to the home decor section, which it moved back to hardware.

King's, Murphy's Mart, Fishers Big Wheel, Consolidated Sales, Jefferson and Click continue to operate home improvement departments and all are either testing new products or finetuning their mixes. But at presstime, none had plans to dramatically alter the departments.

High-end Item

Murphy's Mart is testing vanities priced as high as $140 to $150 in one store with plans to move the item into 25% to 30% of its 65 home improvement departments if the results are favorable. The chain is also expanding its assortment of key plumbing items and looking at sheds and deck kits, reported buyer Mike McNeil, who described Murphy's DIY efforts as "not a home center but a store that carries basic DIY needs."

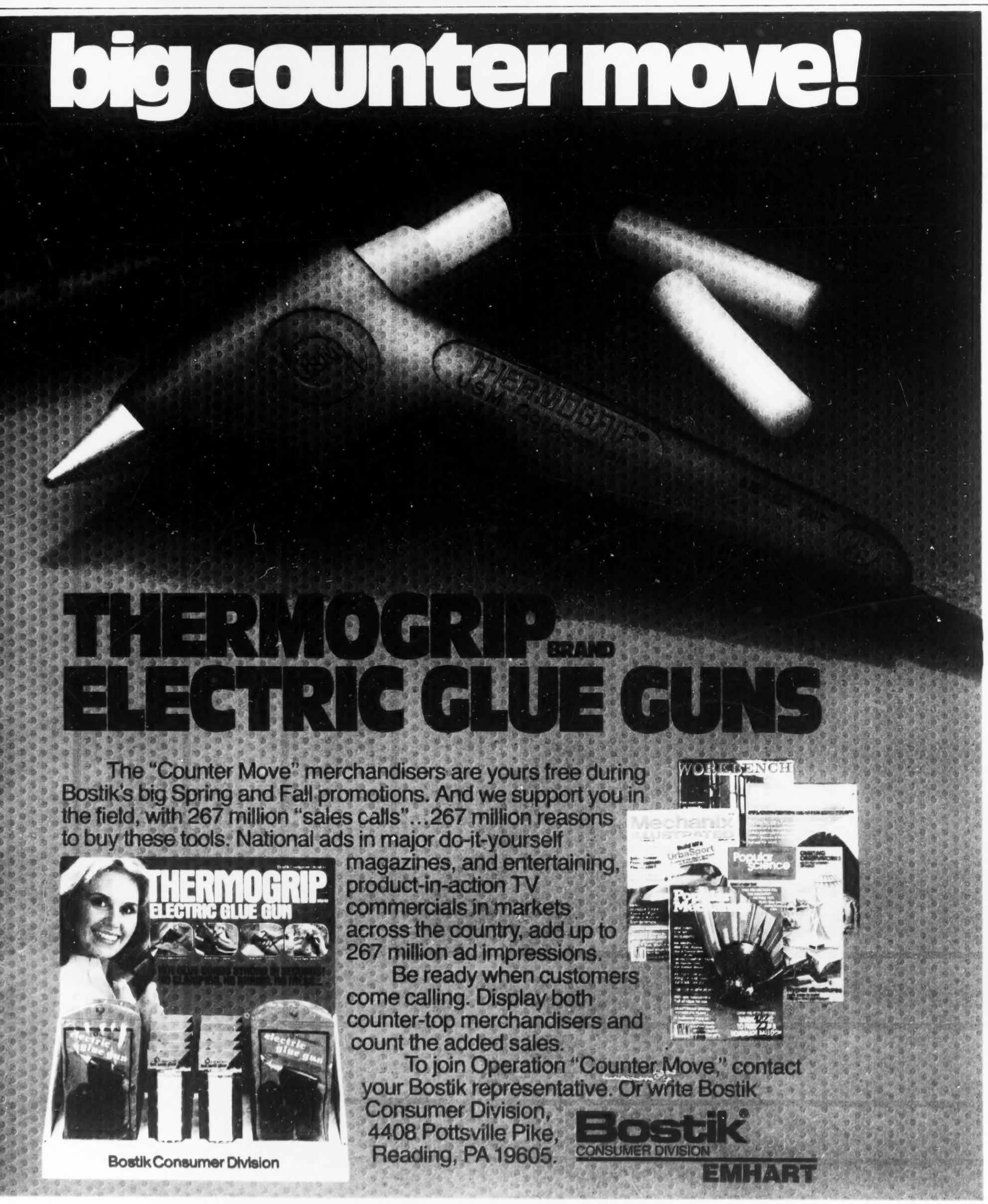
Decorative products such as self-stick floor and wall tiles, to add to the limited stock of floor and wall coverings now in stock, are under consideration at Jefferson. So is insulation. "We want to stock highly identifiable DIY products that take a minimal amount of work to sell," explained buyer Steve Danzig.

T.G. & Y. Will Anchor 2 New Shopping Centers

OKLAHOMA CITY—T.G. & Y. Family Center stores will anchor two new shopping centers to be developed in Louisiana and Mississippi.

A 50,000-sq.-ft. unit will anchor the Morgantown Plaza in Natchez, Miss. Other tenants of the 95,000-sq.-ft. shopping center will include Winn-Dixie, Eckerd Drugs and a variety of local businesses. Construction will be completed in November.

Construction for DeSiard Plaza, Monroe, La., which will be anchored by a 60,000-sq.-ft. T.G. & Y., will begin this May for a March 1982 opening.


big counter move!
THERMOGRIP
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THERMOGRIP BRAND
ELECTRIC GLUE GUNS
The "Counter Move" merchandisers are yours free during Bostik's big Spring and Fall promotions. And we support you in the field, with 267 million "sales calls"...267 million reasons to buy these tools. National ads in major do-it-yourself magazines, and entertaining, product-in-action TV commercials in markets across the country, add up to 267 million ad impressions.
Be ready when customers come calling. Display both counter-top merchandisers and count the added sales.
To join Operation "Counter Move," contact your Bostik representative. Or write Bostik Consumer Division, 4408 Pottsville Pike, Reading, PA 19605.
THERMOGRIP ELECTRIC GLUE GUN
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EMHART
Bostik Consumer Division

DIY Census Section

Bradlees

(Continued from page 20)

dollars and store space for development of other lines such as ceiling fans, knockdown plastic and wood furniture, a new wallpaper section and other tie-in merchandise. Selection in most of these areas has focused on offering the customer both a decorative and functional purpose.

In ceiling fans, for instance, Bradlees brought in three units that Peckham describes as neither very high-end nor very low-end. At an initial markup of 40%, the price points fall between $100 and $200, with a promotional opening item that "offers an excellent value to the customer," he said. This wooden-blade fan will be the major promotional item within the category, where Peckham expects heavy price wars to develop.

Peckham explained that the shift of emphasis from paneling to home decor was in response to customer resistance to the high cost of a paneling project. "The pressure is on everybody's disposable income," he said. "People are still spending money on remodeling, but sales strength will come from areas that offer the customer a less expensive way to fix up their homes."

One of the home decor focal points is in wallpaper, a new market for Bradlees, planned for a fall introduction. The program is built around brand names, and is designed to be strictly self-service, avoiding the special-order business. Wallpaper rolls will be stocked on gravity feed racks, with selections at $5-$10 per single roll. In addition, wall coverings will be augmented by DuPont's Flair Squares, priced at $4.99.

Another area targeted for expansion is decorative plastic and wooden KD furniture. Bradlees will upgrade with five new plastic cane-look items and five functional wooden pieces—bookcases and other storage organizers. Another area—colored wire closet organizers, priced up to $35 (five new items)—is already in the stores, and "generating a surprising amount of sales growth," Peckham added.

"There has been a solid upgrading in resilient tiles over the past three years," Peckham said. "We're almost completely out of our vinyl-asbestos, low-end styles. We use to carry 9-10 sku's in that area three years ago. Now we only run with one or two styles. Eighty-five percent of our floor tile business comes out of the no-wax, highly decorative tiles."

Higher-Priced Items Up Hardware Dept.'s Productivity

	1970	1975	1976	1977	1978	1979	1980	5-year change	10-year change	'80 vs. '79
Dept. Size (sq. ft.)	2,200	3,225	4,400	4,450	3,195	3,210	3,215	− 0.3%	− 46.1%	+ 0.2%
Annual Turns	2.7	3.5	3.5	3.3	3.1	3.0	2.9	− 17.1%	+ 7.4%	− 3.3%
Volume Per Sq. Ft.	—	$82.00	$113.63	$114.08	$122.47	$132.91	$143.00	+ 74.4%	—	+ 7.6%
Initial Markup	38%	40%	40%	41%	39%	41%	42%	+ 5.0%	+ 10.5%	+ 2.4%
Gross Margin	35%	35%	35%	35%	34%	36%	37%	+ 5.7%	+ 5.7%	+ 2.7%
Company-Run	88%	92%	94%	92%	92%	94%	94%	+ 2.2%	+ 6.8%	NC

NC—no change

Source: DSN Research

Inventories of higher-priced goods such as trade-up power tools and accessories (for consumers gaining in DIY expertise) are giving discounters better margins and sales-per-square-foot results: in 1980, a 2.7% increase in margins and a 7.6% increase in sales per square foot over 1979, and 16.8% and 8.8% increases over 1978. Turns, however, registered a 3.3% dip over the one-year period and a 6.5% drop since 1978.

Well, are you?

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Every market has its best seller. Stock it. Maybe a premium-priced exotic, too. And for those who shop only price, you've got to have a low-end label.

But don't kid yourself. The movement and the money are in the middle. In fact as much as 65 to 70 percent of your profit and volume. Which is why you should fill this valuable space with Shell Fire & Ice. It's got the brand name, product attributes, competitive wholesale price, performance and promotional support you need for your day-in, day-out "bread and butter" motor oil.

To find out how you can get to the top through the middle, contact your Shell representative.

Accessories

(Continued from page 3)

A developing department at Grand Central is taking space from the junior apparel area and getting updated fixtures. It has grown in the last two years from one spread on two 8-ft. racks to a 42-ft. run with waterfall extensions and wall space, complemented by chrome fixtures on the aisle.

Sales for the chainwide assortment will increase 80% this year, the buyer said, adding that canvas handbag sales tripled after the mix was skewed to more middle-of-the-road price points.

From the $9.99-$21.99 range, the focus has shifted to emphasize the $5.99-$11.99 range, with most volume in the up-to-$7.99 price points—the level to which most discounters are upgrading their average ticket.

Handbags, a separate department for two years, has been upgraded this year from $4.99 to the $5.99-$8.99 range in response to increased sales, at S. E. Nichols.

New handbag fixtures will be installed in all stores by next month.

New chrome umbrella stands already in 25 larger stores and planned for the others should propel accessories business to handbag levels. The new look replaces a 5-ft. by 5-ft. table, and includes updated fixtures and 30 ft. of table space.

In addition to beefing up basics like knitwear, which represents over one-half of the department's sales in its three-month season, the buyer said accessories will become more promotional.

Leotards, for example, were recently expanded to include one queen size and a line of fashion colors in regular sizes. In the fashion area, the buyer hopes to exploit the Western theme, traditionally successful in straw hats, with other items.

As departments develop in-stock positions with basic items to support more testing of new items, going promotional is less important.

"We already do a tremendous job with the $6.57 and $7.57 canvas bags, even when we don't promote them," the Gee Bee buyer explained, adding that such numbers sell out at regular price before scheduled ads on them break.

So now Gee Bee is testing tote bags as a price trade-up.

Imports

(Continued from page 1)

An executive for the chain said imported jackstands were brought in last year to replace domestically produced ones, raising the margin from 33% to 45%. Margins on an imported line of shoe skates increased from 35% to 46% on approximately 70,000 pairs sold at $29.99—providing the additional $250,000 gross margin mentioned earlier.

Home furnishings will also be a key area for the introduction of imports in the coming year (a team of Zodys buyers will leave for the Orient to look for furniture in April). Toys, trim-a-tree and apparel are also areas where expansion of imports is probable throughout the industry.

Executives with Zodys, Hills, Jamesway and others said the nine-month lead time in ordering apparel makes it unlikely that fashion apparel will ever be imported.

But, imported bomber jackets, jeans and flannel shirts are all likely to see sales gains in the coming year.

"It's almost impossible to anticipate that far in advance, but we'll be bringing in more imports of items that are basic year after year," explained a Hills executive.

Surprisingly, consumer electronics—a high-ticket area where increased margins would be particularly welcome—will remain in the hands of jobbers for the time to come.

A delivery failure rate as low as 6% to 8% would eliminate any financial advantage of direct importing, and most discounters surveyed said jobbers have shown greater flexibility in getting foreign manufacturers to take back faulty merchandise.

Still In Question

The fear of getting stuck with poor quality merchandise is causing some discounters to still hold off on establishing their own import programs.

James Doss, Heck's merchandising vice president, said the company considered starting its own import program in 1979, and even sent a team of buyers to the Orient "to see what was there."

Doss said the plans for an import program were scrubbed "because we were disappointed in what we saw in terms of quality."

Concern over quality was also an important factor in ALCO's decision not to begin an importing program. Dale Morris, hard lines merchandise manager, said one example was a $7.88 imported jewelry box the chain made refunds on because of poor quality.

The jobber offered a full refund for the product. Morris pointed out that if the chain imported the item itself, it would have been forced to eat the loss.

Some chains also said they were holding back because of longer lead times in ordering merchandise and difficulties in scheduling promotions of items on which delivery dates are uncertain.

Al Johnson, Wal-Mart senior vice president, said however, that quality has generally not been a problem on goods brought in under the chain's import program, and that in many cases, with smart shopping, imported goods can be found that exceed domestic ones in quality.

The Zodys executive said 45,000 bicycles the chain imported last year were "superb" in quality. He said the worst problem the chain has had with an Oriental firm was poor packaging of 3,000 $40 lounge chairs brought in last year.

"They were supposed to box the chairs individually, and instead they put six each in a master box," the executive said, adding, "but the chairs were the finest ones you could find anyplace."

Import Panels Set

NEW YORK—Lebhar-Friedman's Center for Retail Management will begin holding a series of seminars on importing this month.

The two-day meetings, "Importing, a Profit Tool for Retailers," will be held in San Francisco on March 30-31; Atlanta, April 27-28; Chicago, May 11-12, and New York, June 15-16.

Irwin Segan, vice president and treasurer, Merchants Buying Syndicate, will conduct the meetings.

Contact Sylvia Vogelman, seminar manager, at 212-371-9400 for more information.

Wal-Mart

(Continued from page 1)

Walton's chain experience the same growth slowdown that is affecting K mart now, or has Walton guarded against that? What will happen to Wal-Mart someday without Walton, who still runs the chain with his own brand of personal management?

These and other questions will be answered in the DSN Wal-Mart issue. Specific emphasis will be placed on *how* Wal-Mart does what it does so well. Is it the planning and management that precede each move, the execution and control that are maintained thereafter, or some magic combination of the two? How does Wal-Mart maintain its double-digit same-store growth, and can that growth be sustained as the chain moves outward from its center?

Agreement Calls For Caldor to Be ADG Subsidiary

NEW YORK—Caldor will become a subsidiary of Associated Dry Goods under a definitive acquisition agreement reached by Carl Bennett, president and chairman of the board of Caldor, and William P. Arnold, chairman and chief executive officer of ADG.

As announced earlier, the proposed transaction will be a taxable one, pursuant to which holders of Caldor's 8.5 million outstanding shares will receive in the aggregate approximately $135 million cash plus 2.8 million shares of a new series of convertible preferred ADG stock and $38.4 million principal amount of five-year, nontransferable installment notes.

Each share of the preferred stock will have a par value of $50 and will be convertible into 1.6 shares of ADG common stock. The installment notes will be issued and guaranteed by a wholly owned subsidiary of ADG.

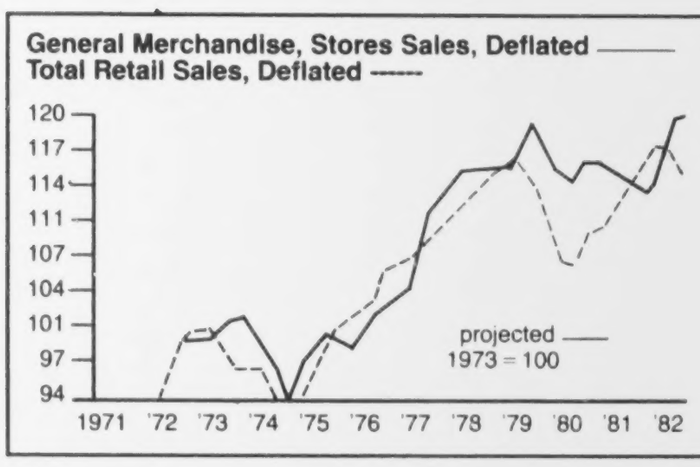
The notes will be designed to qualify for installment sales treatment and will not initially be issued in a principal amount of less than $25,000.

Cash in the amount of $15.89 per each outstanding Caldor share will be paid. Installment notes will be issued only to stockholders who so elect. If elections for more than about $38.4 million in aggregate principal amount of the installment notes are made, the excess will be treated as an election to receive shares of preferred stock. If elections are for less than $38.4 million, the cash payable to Caldor stockholders will be increased for all stockholders, and the amount of notes and preferred stock issuable with respect to each share will be proportionately decreased.

Consummation of the transaction is subject to certain conditions, including receipt of required approvals by stockholders of Caldor and ADG.

L/F Econocycle

GM/Discounters to outpace retailing



General Merchandise/Discount

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81** 1Q %	'81** 2Q %	'81** 3Q %	'81** 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	8.9	4.8	4.4	5.2	5.5	8.7	7.1	4.4	9	6	6
Real sales (Deflated)*	1.7	−2.4	−3.3	−2.6	−1.2	2.2	1.0	−1.7	3	−2	—

*Base = Nov. 1980 Sales
**Projected

Two months ago, the L/F Econocycle composite on household spending (chart below) began to trace a grassroots recovery in retail sales. (Through the 70's, this index has, in fact, accurately led and "mirrored" the major twists and turns in retail sales performance.)

This month, despite a recent barrage of interest rate hikes, retail sales are continuing to show a strong "kick" and appear to be heading for a sharp improvement in the second quarter.

Household spending as a key index, the trendlines show, is already moving at a hotter pace than retail sales. As in 1972-73, household spending is projected to drive above sales levels on the index-scale for the first time since mid-1974. (But the trend to watch is later in the year when the curve may start nosing downward again.)

Over the past three years, as the chart above indicates, GM/discount sales have been outdistancing general retail activity. This trend and gap should hold through most of 1981, it appears.

The L/F Econocycle projection for discount/general merchandise outlets is for real sales gains in the 2% range for the second quarter and more lift to 3%-plus in the third period, despite the (expectedly) sub-par start on the year.

Some chains entered the new year with sales gains in the higher ranges—31% at Wal-Mart (12% same-store), and 18.5% at Caldor. But many chains had single-digit increases, *not* adjusted for inflation or additional selling space.

K mart's 11.5% gain for its just-ended fiscal year, for example, follows a year in which the chain added 173 stores—an 8.4% rise.

Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	8.9	10.5	8.6	7.6	12.0	9.3	5.7	8.9	8.2
	2Q	1.6	10.0	7.9	8.9	10.9	1.4	6.5	4.8	4.5
	3Q	2.9	11.6	7.4	9.2	10.1	0.4	4.9	4.4	3.4
	4Q	6.2	10.3	4.8	2.7	13.3	5.2	6.4	5.2	5.5
1981	1Q**	5.7	10.0	3.9	1.2	9.8	6.1	5.7	5.5	5.7
	2Q**	13.3	9.9	7.4	14.3	10.5	13.6	7.8	8.7	9.5
	3Q**	9.4	8.4	10.0	5.4	10.8	11.8	8.3	7.1	8.4
	4Q**	9.5	8.5	8.8	2.9	8.2	10.7	8.5	4.4	6.6
% change 12 mos.	1979	12.0	11.0	9.0	14.0	9.0	14.0	9.0	9.0	10.0
	1980	4.0	10.0	7.0	3.0	11.0	3.0	6.0	6.0	5.0
	1981**	9.0	9.0	7.0	4.0	10.0	10.0	7.0	6.0	7.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	1.7	5.3	1.5	2.1	3.9	3.8	1.0	1.7	2.0
	2Q	11.0	4.6	1.4	17.8	1.8	4.4	2.3	−2.3	1.8
	3Q	7.0	2.3	1.7	18.3	0.4	7.1	0.4	−3.3	3.3
	4Q	3.8	0.8	3.9	12.0	3.3	1.3	1.5	−2.6	1.4
1981	1Q**	2.0	2.7	3.9	6.4	1.4	0.2	1.5	−1.2	0.4
	2Q**	6.3	3.1	1.1	6.8	4.1	7.1	2.6	2.2	3.3
	3Q**	3.9	0.8	1.2	1.9	6.2	5.8	3.1	1.0	2.5
	4Q**	5.3	2.4	0.9	9.9	5.1	4.6	3.9	−1.7	0.9
% change 12 mos.	1979	2.0	1.0	2.0	5.0	2.0	8.0	6.0	3.0	4.0
	1980	6.0	3.0	2.0	12.0	2.0	2.0	1.0	−2.0	1.0
	1981**	3.0	1.0	1.0	3.0	4.0	4.0	3.0	—	1.0

*Base = Nov. 1980 Sales
**Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

Appliance Energy Standards Kaput?

WASHINGTON—The proposed energy efficiency standards for major household appliances, opposed by the appliance industry, will not be issued until a thorough review, the Reagan Administration announced. It is likely that the standards, however, may never by issued following the anti-regulation mood of the Administration.

The 1980 proposal would have required manufacturers to redesign by 1986 virtually all existing models of the appliances.

Manufacturers had complained that many small firms would have been forced out of business and customers would have had to pay higher prices.

Regarding another energy conservation measure, the Reagan Administration has withdrawn standby programs which involved a compressed workweek, fuel rationing, vehicle use stickers, and employer-based commuter and travel measures regarding working hours and transit subsidies.

7th Annual PMA: Pp. 11-52

T.G. & Y. Tightens Grip on Energy Controls: P. 49

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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OCR Tickets Called Unclear

Chains Find UPC Scanners Outperform OCR Wands

Nationwide DSN Report

Chains that installed UPC (Universal Product Code) scanners at their checkouts are getting dramatic cashier productivity gains, while chains testing wanded OCR (Optical Character Recognition) systems are discovering that cashier error and poor quality ticket printing are reducing their labor productivity gains.

Technical problems with OCR and wanding may be temporary, but the immediate investment payback edge (in labor productivity) belongs to UPC at present.

Longer term sales productivity benefits, from sales data capture and better inventory management, seem to have equal potential in each system. These benefits, however, are difficult to project, and it is therefore difficult to do an accurate costs-benefits analysis for the automatic electronic ticket-reading equipment.

Wal-Mart, where president Jack Shewmaker is an advocate of UPC, has the most experience (among discount department stores) with that system. The chain's test of scanning equipment in its 60,000-sq.-ft. Grapevine, Tex., store, for example, increased cashier productivity by more than half, according to Robert Hart, vice president of new store planning.

Hart said existing electronic cash registers allowed cashiers to check out an average of $4,000 worth of merchandise a day. New scanning equipment boosted that average to more than $6,500.

The important benefits come from eliminating human error, according to Hart. "It's the savings in that phase alone that pays for the equipment," he said.

The Grapevine store is also testing bag wells at the checkouts, which has "speeded up the checkouts by 25%," Hart said. "We were worried about the space for the well," he said, but the chain found it wasn't necessary to lengthen the checkouts.

Wal-Mart expects the new equipment to pay for itself in 18 months, and plans "four or five"

(Continued on page 67)

This Jefferson cashier (in a Miami store) takes the time to make a single, straight pass with the wand, insuring an accurate reading of the OCR characters. *(DSN photo)*

K mart Apparel, due to take over supervision of men's wear from parent K mart, has developed a fashion image for ladies' wear, seen in Lodi, N.J., store. *(DSN photo)*

Chicago Stores Get Hard Look

Restructuring of Woolco Will Intensify

NEW YORK—The restructuring of Woolco by parent F. W. Woolworth Co. will intensify this year, company officials told security analysts meeting here last month.

Building on two years' worth of consolidation and reallocation of assets efforts that saw, among other things, Woolco's aggregate selling space reduced by some one million sq. ft. (in 43 stores), the chain this year will:

- cut back on selling floor space in 10 additional stores;
- close anywhere from 15 to 30 stores and sublease them;
- take over operation of its remaining leased departments—200 automotive and 72 shoe sections;
- shorten lengths of product lines to focus on best sellers;
- peg top management's incentive program to bottom line rather than sales performance.

This seems to follow plans outlined at an annual meeting two years ago, when Woolworth executives promised shareholders that although the discount division would grow on a market-by-market basis within the country's top SMSAs, certain unprofitable, understored markets would be abandoned. Since then, the company has closed Woolco's doors in Atlanta, and talk at the analysts' meeting indicated that the chain is taking a hard look at its Chicago Woolcos.

Today, the company is firmly set on an austerity course.

"Marginal units in markets where we see we have no future will be closed," George Nelson, executive vice president, Woolworth, told the meeting. "In 1980, six stores were closed and subleased at a profit. In 1981, we could close as many as two, three or four times that number of stores," and cited the company's seven Chicago stores as prime candidates. "With seven Woolco stores compared to 20-plus each for Zayre and Venture and approximately 50 for K mart, it would be impossible for us to build our strength."

He did not, however, offer a date for the possible withdrawal.

In addition, the company has brought Jack Parker, a regional vice president, to headquarters to head up the company's new store development program.

"Parker will oversee our efforts to consolidate and centralize Woolco's marketing approach by analyzing the stores on a department-by-department basis, developing new layouts and upgrading the merchandise," Edward Gibbons,

(Continued on page 68)

K mart Begins Cross-training Of District MMs to Pare Costs

By Arthur Markowitz

TROY, Mich.—K mart, suffering from a decline in profits and a lag in sales growth, has started to cross-train district merchandise managers to handle more departments in a move to boost productivity and eventually reduce supervisory costs per store.

K mart's disappointing performance was evident from the company's fiscal 1980 results which showed net income plunging 27.2%, the first decline in seven years, as sales increased only 11.5%, the smallest gain in a decade.

A K mart spokesman acknowledged the discounter's institution of a cross-training program. It involves district merchandise managers from two wholly owned subsidiaries, K mart Apparel, which merchandises ladies' and children's wear, and K mart Enterprises, which handles automotive and sporting goods.

Other K mart sources, as well as stock analysts who follow the nation's leading discounter, reported that K mart Apparel district merchandise managers are being trained to also handle men's apparel, now supervised by parent company district merchandise managers who also are responsible for all hard goods except for sporting goods and automotive.

(Continued on page 68)

Grand Central Holding Talks With Unidentified Firm (Not Target)

SALT LAKE CITY—Widespread rumors that a possible Target acquisition of Grand Central is behind the recent heavy activity of Grand Central's stock were termed "unfounded" by the latter chain's directors.

But, despite denial from Don A. Mackey, chairman, president and chief operating officer at Grand Central, "preliminary talks are currently taking place" with an unidentified company, according to other Grand Central directors. Talks began after unsolicited contacts were made with certain Grand Central directors, the directors disclosed. They would not reveal the name of the second party.

"The talks are exploratory in nature," explained Robert M. Yeates, member of the board of directors, and partner at Prince, Yeates, and Geldzahler, Grand Central's corporate counsel. "We are certainly a long way from fruition of any merger or acquisition."

Directors added that they "had no idea" what sparked the heavy trading that took place late last month.

Miller, Target's Advertising Chief: 'We're Looking For Share of Mind'

Charles J. Miller, senior vice president, sales promotion and strategic planning, Target Stores, was recently named Ad Pro of 1980 and elected to the Retail Advertising Conference's Hall Of Fame. At the same time, the chain earned four other awards from the RAC, including first place for its television advertising campaigns.

DSN recently talked with Miller about Target's approach to advertising and the state of discounter advertising in general.

DSN: Obviously you're looking for your ads to trigger traffic and sales but what other concerns dictate your ad policies and how do you measure effectiveness?

MILLER: Target wants a position of dominance in each market that it is in. Now, of course, we don't win every game we play in but we feel Target works best when it has dominance, when it is perceived by shoppers as more important—or when it is more conspicuous—than the other stores in town.

Our attempts to achieve that dominance don't make us either the largest advertiser, or the largest discount advertiser in town. We spend our money to give us that image.

DSN: What kind of tangible results are you looking for?

MILLER: We expect our advertising investment to pay a substantial return in sales but that's not all that we're looking for. It's unacceptable to us if an ad doesn't contribute toward advancing Target's image, and letting the public know what Target is all about.

DSN: What is Target's image?

MILLER: Obviously, it's the image of an upscale mass retailer. The words that most clearly define what we are trying to do are clean stores, caring people, quality merchandise, value pricing, being in-stock, not wasting a customer's time. Our advertising, to that end, is plain talking and credible. We don't use drawings—we use photos to add to that credibility—and we avoid advertising cliches. You'd be hard-pressed, for example, to find the word "spectacular" in one of our ads.

In the future, I expect us to intensify, rather than to diminish or modify our efforts to keep our advertising simple and direct and to have a highly disciplined atmosphere in our stores.

I've heard people say that they expect an ad to create sales five times the cost of the ad. Macy's for years said it was looking for sales equivalent to 10 times the cost of an ad. I don't think, however, that kind of benchmark is good, because direct sales don't always tell you what's happening in the store.

Obviously if you put Crest on sale, direct sales on that item are a good measure. But in apparel, if you advertise long dresses there really is no direct measure, because the customer may come in, find she doesn't like the color, or we don't have her size, and she buys something else instead.

DSN: How would you say Target's approach to advertising is different from that of most other discounters?

MILLER: I think in many cases management doesn't place sufficient demands on its advertising. Or, let me put it another way, I think they don't understand what advertising can do.

If you look at Macy's, Bloomingdale's or Saks Fifth Avenue you can see that management is insisting that the advertising work for them. How many discounters do that?

DSN: Target supports its advertising with computerized sales tracking and replenishment systems. Are you saying then that discounters need to automate before they can make their advertising more effective?

MILLER: It would depend on who they are. It's true we would

(Continued on page 46)

Charles Miller, senior vice president, sales promotion and strategic planning, Target Stores. (DSN photo)

Cook Eyes Logo Conversion From Ontario to Rink's

MAPLE HEIGHTS, Ohio—Cook United plans to change the logo of its Ontario stores to Rink's once the scheduled acquisition of the Rink's chain is completed.

Cook United's purchase of the 47 Rink's stores from Gray Drug is due to be finished later this month.

The proposed switch of the 19 Ontario nameplates to Rink's would boost the latter's equity in a number of key markets, including Cincinnati, Columbus and Dayton in southern Ohio, and Toledo.

In Cincinnati, for example, Ontario's four stores in the city and one in adjacent Kentucky would join Rink's two units in the city and four in neighboring Ohio and Kentucky to give Rink's 11 stores in that market.

The scorecard in the other three major metro areas would see Rink's gain four stores in Columbus for 10; three in Dayton for eight, and two in Toledo for 10.

Barkers Wins DSN's DISC Award

Stuart Horton (r.), publication director of *Discount Store News*, presents the third annual Discounter In Service to the Community (DISC) award to Arlyne Imberman, vice president of human resources at Barkers (now King's, following the two chains' merger). Barkers won, joining previous DISC winners Jamesway and Target, with a chainwide emphasis on involvement and volunteerism at the local level, making its community service programs more responsive to specific local needs. The award luncheon, at the Park Lane Hotel, was attended by representatives of Bradlees, Jamesway, Zayre, Gaylords and other chains, as well as King's executives.

Sought Consumer Complaint Files

FTC Shelves Decision to Sue K mart

WASHINGTON—The Federal Trade Commission has for now shelved its decision to bring K mart to court for not supplying documents it requested as part of its ongoing investigation of "satisfaction guaranteed" claims made by discount and general merchandise stores.

This came to light when K mart filed materials with the agency to quash the request.

Papers at the commission reveal that last May, K mart was first ordered by the commission to submit "all consumer complaint files . . . from Jan. 1, 1979 to Dec. 31, 1979."

The purpose of the FTC's nonpublic investigation is to "determine whether unnamed retailers and others may be engaged in unfair or deceptive acts or practices in connection with the advertising of 'satisfaction guaranteed' policies . . ."

K mart mentioned in recent material filed with the agency that from the beginning it "cooperated with the investigation," but the discounter repeatedly objected to "the enormous burden" of responding to the FTC's request.

Furthermore, according to K mart, for almost seven months the FTC staff took no action on the information it provided and the investigation during this period apparently was "simply suspended."

After the commission asked for further material and K mart objected, the commission modified its request in mid-1980. Then, in January 1981, the commission ordered K mart to comply with the modified order within 10 days. Stating that the order required collection of materials from two regional offices, K mart asked the FTC for a 30-day extension.

At that point, according to a staff attorney at the FTC, K mart was told the agency would only agree to the extension if the chain agreed to send a letter promising that all the material would be submitted by March 6. K mart lawyers responded that the firm couldn't agree because they couldn't be sure of compliance without a preliminary review of the materials. Furthermore, they said, such a letter would constitute a waiver of K mart's objections to the FTC's original request.

K mart was told that enforcement action would be initiated in district court against the chain if it didn't comply by March 6.

At presstime, however, no court action had been taken by the FTC. A spokesman for the agency admitted that "the investigation was continuing" and that if the material K mart sends to the FTC is not complete, such "enforcement" action could be taken "later on."

Is Wal-Mart After Big K Again?

BENTONVILLE, Ark.—Will Wal-Mart go back into negotiations with Kuhn's-Big K in an effort to complete the deal that fell through last month?

Industry observers are pointing out that Big K's landlords are uneasy about the future of the chain, especially after Wal-Mart backed away, and may now be more flexible in negotiations for leases with Wal-Mart.

Wal-Mart's other reservations, however, have not changed. The problem of small stores, poor locations, the remaining variety stores and distance from Wal-Mart's Bentonville headquarters—as well as Big K's liabilities that would become Wal-Mart's—made Sam Walton wary before; and nothing has changed in the interim.

The landlords, however, are concerned that the chain cannot survive in its present form, and that management having demonstrated its desire to sell the firm, may no longer put the necessary effort into the business.

In This Issue...

LUCKY SEVEN. DSN's seventh annual Product Movement Audit section pinpoints 1980's strongest movers in automotive, electric housewares, hardware, H&BA, housewares and sporting goods. In addition, distributors analyze the outlook for 1981, based on (a) retailers' early orders this year, and (b) new and or continuing promotion plans by manufacturers. (Pp. 11-52)

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Discount Store News

7th Annual Product Movement Audit

The Seventh Annual *Discount Store News* Product Movement Audit: a comprehensive look at both the merchandising trends and the best-selling products of 1980.

While the Product Movement Audit clearly reflects the economic slowdown that hurt discounter and supplier sales throughout most of last year, they have lost none of their ability to act as a catalog of fast-turning merchandise against which any chain's assortment can be checked.

The Product Movement Audit information is based on movement reports from wholesalers with general enough distribution in discount department stores to make the data typical, and with a broad enough geographical base to be meaningful.

Use it as a guide for pinpointing and maintaining the fast-moving items that comprise the bulk of your business, deleting the slow movers, and knowing when or whether to enlarge, intensify, reduce or eliminate product lines that are vital to profitable operation.

With the cost of money hovering near the 20% mark, and store sizes continuing to shrink, the pressure is greater than ever on discounters to get inventories producing at their highest turn to maximize return on investment.

H&BA

111,078 Units/$281,000 Tampax Super 40's

109,662 Units/$270,900 Bufferin Tablets 100's.

525,960 Units/$252,500 Dial Bath Soap 5 oz.

HOUSEWARES

74,666 Units/$65,700 Rubbermaid ice cube tray

49,643 Units/$28,800 An. Hckng 9-oz. bev. crstl

45,540 Units/$24,100 Libbey 12-oz. bev. Blue Bolero

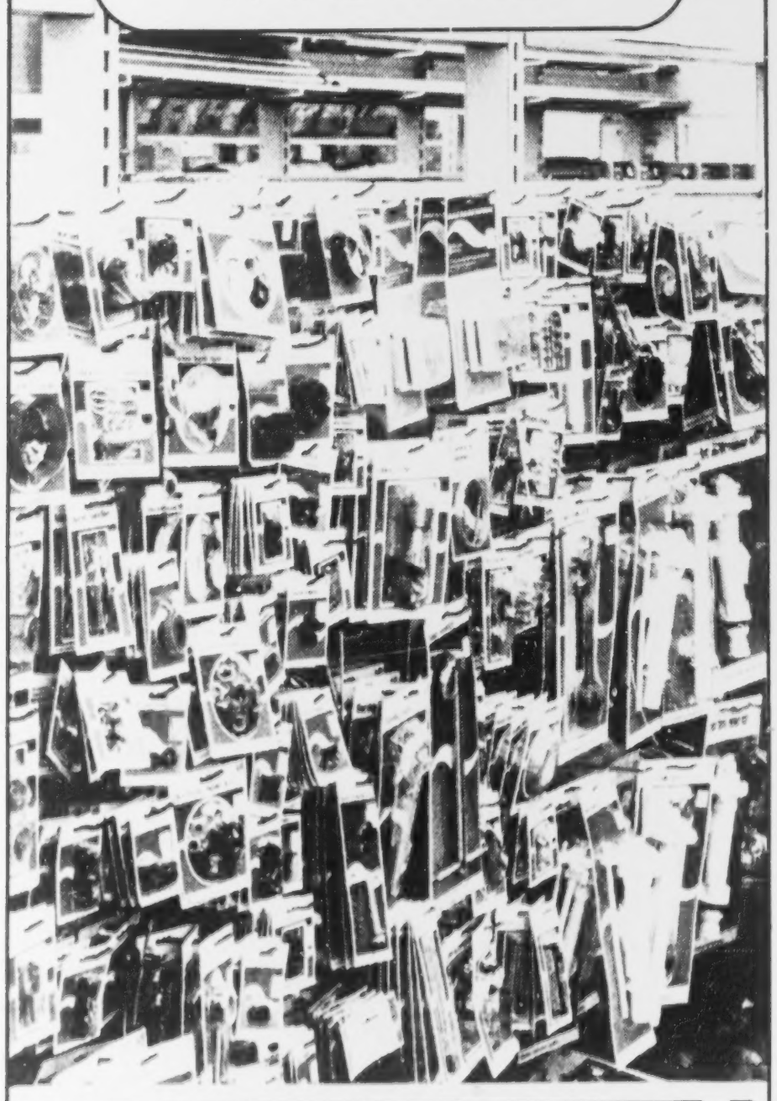
ELECTRICS

16,343 Units $457,300 Wear-Ever Ppcrn Pumper

10,689 Units/$448,200 N. Am. Mr. Coffee 12-cup svr

14,217 Units $339,500 Norelco 10-cup Dial-A-Brew

HARDWARE



23,888 Units/$543,700 B&D 7127 ⅜-in. Drill

14,098 Units/$513,400 B&D 7308 7¼-in. Cir Saw

7,972 Units/$375,600 B&D 79-003 Sngl-Hgt. Wrkmt

AUTOMOTIVE

10,614 Units/$742,900 2-Ton Hydraulic Floor Jack

109,219 Units $435,800 Motorcraft Oil Filter

111,773 Units $367,000 Heavy-Duty Sealed Beams

SPORTING GOODS

21,558 Units $81,900 Champion 1-Gal. Camping Fuel

2,045 Units $68,900 Colmn 220 K195 Db Mtl Ltrn

1,529 Units $56,300 5760 Crosman BB 177 Rifle

Discount Store News

PMA

7th Annual Product Movement Audit

Deodorants, Eye Care Seen Hot

By M. Raymond Prendergast
President,
Boston Distributors

The health & beauty aids department experienced a strong selling year for most of our customers in 1980 despite a softening of sales in the economy as a whole.

The primary reason for H&BA strength was a continuing increase in marketing expenditures by major industry manufacturers, especially in the area of new products.

The eye care category, whose sales grew by 46% for us in 1980, is one category which promises continued above-average increases over the next several years. Bausch & Lomb's reduction of soft lens retails from $120 to $50 early in the year was a catalyst to this growth. Recent advances in the treatment of astigmatism by soft lenses will add a significant number of new users to a market which grew from 65 million in retail sales in 1979 to 120 million in 1980 and is projected to reach 150 million in 1981. Bausch & Lomb dominates the soft segment and places four sku's on our eye care PMA. Barnes Hinds, with five sku's in the top 15, continues to lead the total PMA with its 2-oz. Wetting Solution.

Deodorants are also growing, with the solid and stick segment showing the greatest growth potential for 1981. With new entries from Mennen, Right Guard, and Arrid already being offered, the stick/solid category was led in 1980 by Speed Stick, which climbed from the No. 12 to the No. 4 spot. Old Spice and Brut also had excellent years with Boston. The Roll-On segment

(Continued on page 14)

10% Growth Seen In Hair Care Biz

NEW YORK—Retail sales of women's hair care products, a key BTS H&BA category, hit $2.3 billion last year and will grow 10% annually through 1985, according to projections by Packaged Facts, an information and research company.

Shampoo, hair colorings, hair conditioners and hair styling products will record sales of $3.3 billion, the study showed.

The report attributes the growth to increasing numbers of working women and the proliferation of new products, including up to 200 introductions each year in the shampoo classification alone.

H&BA

H&BA figures for the calendar year 1980, supplied by Boston Distributors, a division of Cook United, Maple Heights, Ohio, cover 320 stores, including 290 discount department stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

ETHNIC PRODUCTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Dark N Luvly Relaxer Kit	33,824	4.15	140,370
2	Pro Line Curly Kit 00055	9,994	5.21	52,069
3	T C B Hair & Scalp Cond 8 oz	20,902	2.14	44,730
4	Sta-Sof-Fro Spray Extra Dry 8 oz	23,918	1.80	43,052
5	Revlon Relaxer Kit Regular	8,290	4.75	39,378
6	Sta-Sof-Fro Spray Regular 8 oz	21,762	1.80	38,519
7	Revlon Relaxer Kit Mild	7,210	4.77	34,248
8	Ultral Sheen Conditioner 8 oz	12,020	2.69	32,334
9	Revlon Relaxer Kit Super	6,490	4.77	30,957
10	Sta-Sof-Fro Super 16 oz	11,350	2.88	30,352
11	Sta-Sof-Fro Spray X-Dry 16 oz	10,506	2.88	30,257
12	Sta-Sof-Fro Style Kit 16 oz	6,305	3.59	22,635
13	Sta-Sof-Fro Curl Activator 8 oz	10,525	2.14	22,524
14	T C B Hair Dressing 14 oz	6,953	3.22	22,389
15	Ultra Sheen Conditioner X-X Dry 8 oz	7,779	2.69	21,003

BLADES & RAZORS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Atra Cartridge 10s	66,432	3.31	219,890
2	Gillsite Trac II Cartridge 9s	68,580	2.89	198,196
3	Atra Cartridge 5s	97,800	1.74	170,172
4	Good News Disposable 3-pack	232,032	0.71	164,743
5	Gillette Trac II Cartridge 14s	31,620	3.91	123,634
6	Gillette Super Stainless Steel Dbl Edge 10s	40,824	2.46	100,427
7	Gillette Trac II Cartridge 5s	62,340	1.58	98,497
8	Personal Touch Refill Cartridge 4s	48,588	1.57	76,283
9	Schick II Twin Cartridge 9s	24,684	2.93	72,324
10	Schick Plus Platinum Injector 7s	37,440	1.85	69,264
11	Gillette Super Blue Double Edge 15s	28,176	2.33	65,650
12	Schick Plus Platinum Injector 15s	19,116	3.25	62,127
13	Gillette Platinum Plus Double Edge 10s	22,308	2.74	61,124
14	Schick II Twin Cartridge 5s	36,720	1.60	58,752
15	Schick Ultrex Cartridge 4s	36,564	1.58	57,771

COLD REMEDIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Nyquil Nightime Medicine 10 oz	47,820	3.82	182,672
2	Contac Capsules 10s	69,216	1.68	116,283
3	Nyquil Nightime Medicine 6 oz	44,172	2.42	106,896
4	Contac Capsules 20s	33,588	2.99	100,428
5	Dristan Tablets 50s	26,742	3.43	91,725
6	Comtrex Cold Tablets 50s	22,620	3.52	79,622
7	Halls Mentholyptus Bags 30s	99,120	0.77	76,322
8	Vicks Formula 44 D Cough Syrup 6 oz	20,628	3.36	69,310
9	Afrin Spray 15 CC	37,416	1.84	68,845
10	Primatene Mist Refill 15 CC	15,246	4.43	67,540
11	Dristan Tablets 100s	11,034	5.92	65,321
12	Dristan Tablets 24s	31,230	1.91	59,649
13	Vicks Formula 44 Cough Syrup 6 oz	18,414	2.98	54,874
14	Vicks Formula 44 D Cough Syrup 3 oz	27,096	1.98	53,650
15	Halls Cherry Bags 30s	69,600	0.77	53,592

EYE & EAR PREPARATIONS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Barnes-Hind Wetting Solution 2 oz	28,140	2.54	71,476
2	Visine Eye Drops Plast 803 15 CC	29,208	1.55	45,272
3	Visine Eye Drops Plast 308 30 CC	17,460	2.46	42,952
4	Bausch & Lomb Saline Sol 8 oz	22,260	1.81	40,291
5	Soflens Cleaning Tabs 24s	5,700	5.31	30,267
6	Bausch & Lomb Disinfectant Sol 12 oz	9,516	2.97	28,263
7	Bausch & Lomb Daily Cleaner 1.5 oz	10,722	2.37	25,411
8	Barnes-Hind One Solution 3 oz	10,446	2.42	25,279
9	Murine Plus 0.6 oz	15,192	1.47	22,332
10	Barnes-Hind Soquette Soaking Sol 4 oz	9,018	2.46	22,184
11	Liquifilm Wetting Solution 60 CC	7,704	2.59	19,953
12	Barnes-Hind Titan 2 oz	4,764	3.88	18,484
13	Murine Drops 0.6 oz	12,570	1.47	18,478
14	Bausch & Lomb Lens Lubricant 0.5 oz	7,842	2.33	18,272

(Continued on page 14)

THE BOTTOM LINE ON THE FRONT-END.

New study shows blades and razors outperform 6 out of 7 front-end categories.

In a recent front-end profitability study conducted by TRIM, Inc. with a major food chain, scanner store sales proved that blades and razors are second in dollar sales and gross dollar profits per cubic foot of display space. And we'd like to show you the test results to prove it.

So if you want to get more from your check-out displays, contact your Gillette sales representative. Because he's got the bottom line on the front-end. And it's yours for the asking.

Gillette Good News! TRAC II Atra

Gillette

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H&BA

(Continued from page 13)

BAR SOAP

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Dial Bath Soap 5 oz	525,960	0.48	252,461
2	Ivory Soap Personal .09 off 4 oz	195,120	0.83	161,950
3	Ivory Soap Personal 4-pack	134,712	1.02	140,466
4	Coast Bath Soap 0.20 off 3-pack	60,528	1.42	85,950
5	Coast Bath Soap 2 pack 0.10 off 5 oz	81,500	0.95	78,375
6	Camay Soap Bath	49,376	1.35	66,658
7	Zest 6-pack Special Bath	23,448	2.59	60,753
8	Dove Bath Soap White	87,840	0.60	52,704
9	Dove Soap Pink Bath	74,640	0.59	44,037
10	Jergens Soap Personal 3 oz	212,832	0.20	42,566
11	Lifebuoy Soap 0.10 off 7 oz	81,000	0.44	35,640
12	Jergens Soap Bath 0.25 Prepriced 4.75 oz	127,100	0.25	31,775
13	Dove Soap Pink 0.04 Off Bath	35,616	0.64	22,794
14	Safeguard 2-pack 0.20 Off 5 oz	31,466	0.72	22,656

SHAMPOO

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Head & Shoulders Shamp Lot 11 oz	60,906	2.65	161,197
2	Head & Shoulders Lotion 15 oz	44,448	3.54	157,455
3	Flex Shampoo Normal 16 oz	76,208	1.81	137,612
4	Vidal Sassoon Shampoo 8 oz G 30	46,188	2.28	105,461
5	Prell Shampoo Liquid 16 oz	35,280	2.75	96,027
6	Flex Shampoo Oily 16 oz	47,810	1.81	85,749
7	Head & Shoulders Tube 7 oz	30,716	2.65	82,626
8	Agree Shampoo Regular 12 oz	33,120	2.33	77,195
9	Prell Shampoo 11 oz	34,080	2.05	69,864
10	Prell Shampoo Tube Concentrate 7 oz	24,936	2.75	69,821
11	Head & Shoulders Lotion 7 oz	38,024	1.80	68,443
12	Body On Tap Shamp Normal 11 oz	30,348	2.16	65,552
13	Agree Shampoo Oily 12 oz	27,552	2.33	64,196
14	Agree Shampoo Balsam Pro 12 oz	26,376	2.33	61,192
15	Faberge Organic Shampoo 15 oz	42,756	1.28	54,728

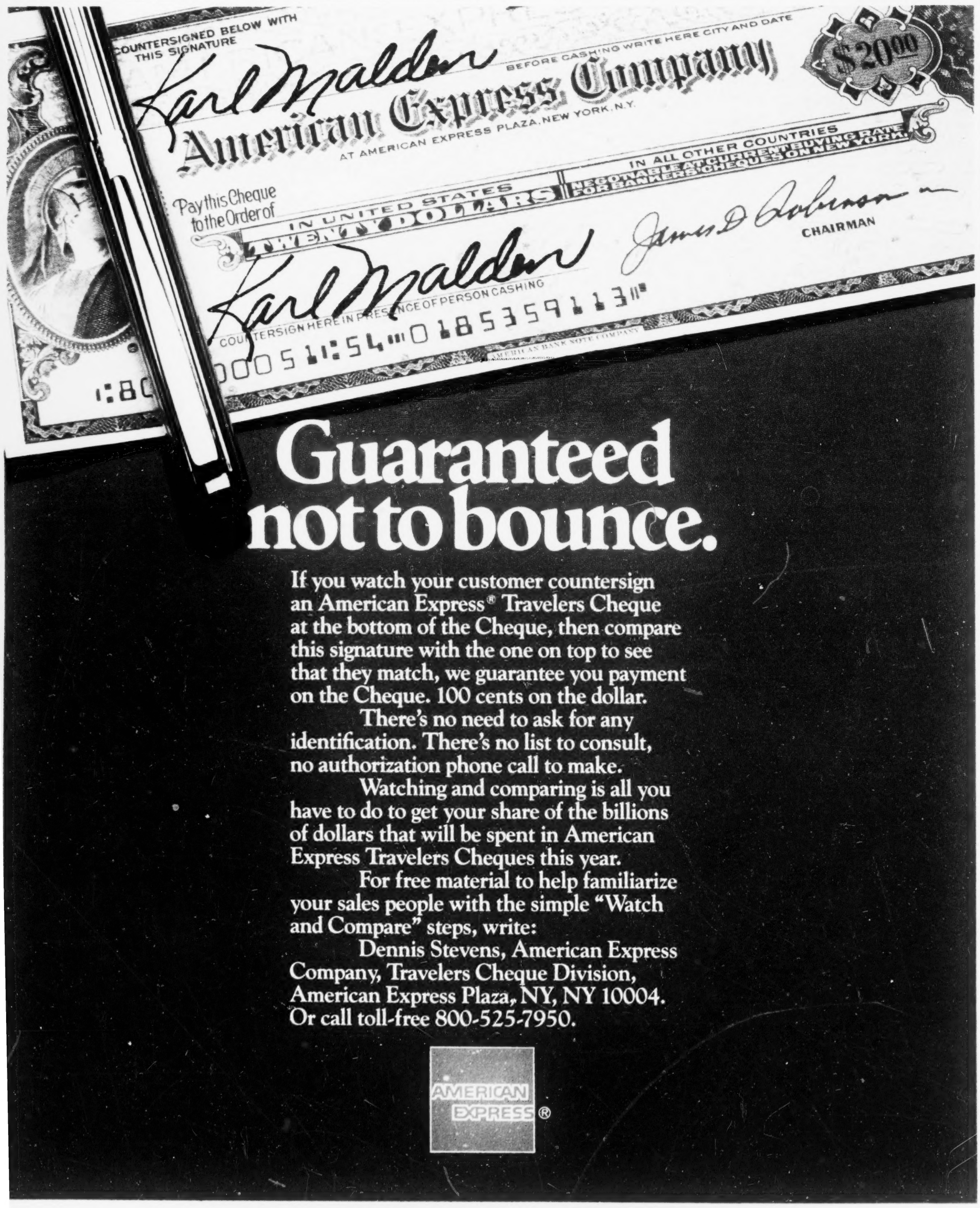
VITAMINS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Theragran M Tabs "30 Free" 130s	8,124	7.70	62,555
2	Vitamin E 400 IU 100s V3043	17,442	3.15	54,942
3	One A Day W Iron 100s	13,074	4.03	52,688
4	Stresstabs 60s	8,522	5.53	47,127
5	Stresstabs W Iron 60s	7,727	5.95	45,976
6	Extra Strength Super Plenamin V963 130s	6,953	6.56	45,612
7	Flintstones W Iron 100s	10,680	4.08	43,574
8	Geritol Tablets 100s	6,168	6.46	39,845
9	Geritol Tablets 40s	9,792	3.36	32,901
10	Vitamin C 500 MG V3024 100s	22,025	1.49	32,817
11	Tri Vi Sol Drops 50 CC	6,505	4.01	26,085
12	Poly Vi Sol Drops 500 CC	5,912	4.41	26,072
13	One A Day W Iron 240s	3,093	8.17	25,270
14	One A Day Multiple Vitamins 100s	6,990	3.51	24,535
15	Flintstones W Iron 60s	8,532	2.86	24,402

DEODORANTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Right Guard Deod 10 oz	67,560	2.57	173,629
2	Ban Roll On Deod Regular 2.5 oz	46,934	2.19	102,316
3	Sure Deod Regular 6 oz	33,464	2.66	89,014
4	Mennen Speed Stick Regular 2.5 oz	57,996	1.49	86,414
5	Ban Roll On Deod Regular 1.5 oz	60,528	1.37	82,923
6	Old Spice Stick Deod 2.5 oz	48,648	1.54	74,918
7	Dry Idea Roll On Regular 2.5 oz	24,594	2.67	65,666
8	Dry Idea Roll On Unscented 2.5 oz	24,372	2.67	65,073
9	Mennen Speed Stick Spice 2.5 oz	39,132	1.49	58,698
10	Brut 33 Deodorant Stick 2.5 oz	53,964	1.09	57,741
11	Right Guard Deodorant 5 oz	28,614	1.94	55,511
12	Soft Dri Super Dry Regular 4 oz	25,980	2.03	52,739
13	Old Spice Stick Deod 3.75 oz	23,760	2.18	51,797
14	Dry Idea Roll On Regular 1.5 oz	28,356	1.78	50,474
15	Ban Roll On Deod Unscented 2.5 oz	21,438	2.19	47,164

(Continued on page 16)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Discount Store News

PMA

7th Annual Product Movement Audit

Deodorants Seen Hot

(Continued from page 13)

placed six products on the PMA, with Ban still leading the way. Dry Idea, not even on the 1979 PMA, was the big gainer by placing three out of its four put-ups on the top 15. Aerosols lost ground and placed only four sku's on the annual listing, although Right Guard in the 10-oz. size remained our No. 1 item.

The blade and razor category was led by Atra 10's which rose from the No. 7 spot in 1979, while the 5's maintained their No. 3 ranking. Trac II slipped in the rankings this year but maintained all three put-ups in the top 10. Good News fell from the No. 2 spot to No. 4. Although Bic Shavers grew as a brand with Boston, they did not show up in the PMA due to sales being spread over a larger number of sku's.

The 2-pack Bic, which is classified by Boston as a trial size, scored well on this PMA, although its dollars did not warrant placement on the blade report. Trial sizes as a category grew 60% with us in 1980 demonstrating their importance as a basic year-round department. Toothpastes are the best find in a trial size as Aqua Fresh 1.4-oz. led the PMA, followed closely by the .75-oz. Colgate. As could be expected, shampoos, deodorants, and fragrances also did well.

The feminine protection market, shook by the recall of Rely tampons, did not change significantly in nature. Tampax Super 40's continued to lead the PMA and while the regular fell from No. 3 to No. 4, the Super Plus rose from No. 7 to No. 5. The only two new entries on

(Continued on page 16)

Microwave Oven Shipments Soar

CHICAGO—Appliance manufacturers' shipments of microwave ovens and room air-conditioners were up in February but all other appliances continued to show declines.

The Association of Home Appliance Manufacturers reported that total major appliance shipments in February of 2,530,800 units were down 2.6% from the 2,597,500 units moved in February 1980.

Microwave ovens continued to show a significant gain, with the 332,900 units moved representing a 50.3% jump from 221,500 in February 1980.

Room air-conditioner shipments of 370,100 units were up 7.2% from 345,400, as retailers began to build up stock for the upcoming summer.

The declines in shipments registered by other major appliances included dishwashers, 18.2%; refrigerators, 2.8%; home freezers, 10%; electric ranges, 8.6%; clothes washers, 2.2%, and clothes dryers, 12.4%.

H&BA

(Continued from page 14)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
ANALGESICS				
1	Buffenn Tablets 100's	109,662	2.47	270,865
2	Anacin Tablets 100's	97,176	2.30	223,505
3	Bayer Aspnn Tablets 100's	87,984	1.85	161,891
4	Tylenol Capsules Extra-Strength 50's	52,056	2.88	149,921
5	Excedrin Tablets 100's	56,820	2.60	147,732
6	Tylenol Extra Strength Capsules 100's	28,494	4.80	136,771
7	Tylenol Tablets 100's	49,602	2.72	134,917
8	Tylenol Extra Strength Tablets 100's	29,928	3.83	114,624
9	Tylenol Tablets Extra Strength 60's	38,694	2.88	111,052
10	Anacin Tablets 200's	25,704	4.49	98,446
11	Bayer Aspirin Tablets 300's	21,090	4.61	97,225
12	Buffenn Tablets 225's	15,936	5.42	86,373
13	Anacin Tablets 300's	11,688	5.92	69,193
14	Excedrin Tablets 225's	10,824	5.67	61,372
15	Buffenn Tablets 165's	13,878	4.29	59,537
TRIAL SIZES				
1	Aqua Fresh toothpaste 0.75 oz	169,344	0.27	45,722
2	Colgate Toothpaste 0.75 oz	284,832	0.16	45,573
3	Bic Shaver 2-pack	163,872	0.24	39,329
4	Vidal Sassoon 6300	90,552	0.41	37,126
5	Babe Splash Cologne 1.25 oz	70,656	0.49	34,621
6	Baby Fresh Take Along 12's	58,176	0.56	32,579
7	Silkience Shampoo 2 oz	100,800	0.28	28,224
8	Aqua Net 2.5 oz	65,256	0.41	26,755
9	Cocoa Butter Milk Bath 1 oz	57,168	0.43	24,582
10	Ultra Ban Roll On 1 oz	57,504	0.42	24,152
11	Dexatrim Extra Strength 5's	32,640	0.72	23,501
12	English Leather	27,936	0.84	23,466
13	Ban Roll On 1 oz	24,852	0.86	21,373
14	Pretty Feet and Hands 0.5 oz	57,264	0.37	21,188
15	Revlon Super Nail	36,072	0.56	20,264

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
DIET				
1	Dexatrim Capsules 28's	41,292	3.20	132,130
2	Dexatrim Extra Strength Capsules 20's	43,224	3.05	131,830
3	Prolamine Super Strength Tablets 20's	34,596	2.60	92,717
4	Dexatrim Extra Strength Capsules 40's	11,112	5.33	59,226
5	Appedrine Tablets 30's	25,236	2.29	57,790
6	Dexatrim Capsules 56's	10,698	5.33	56,378
7	Control Capsules 56's	9,618	5.29	50,879
8	Dietac Capsules 28's	14,190	3.57	50,658
9	Sweet N Low Packettes 500's	10,320	4.49	46,336
10	Permathene 12 Capsules 24's	15,720	2.93	46,059
11	Sweet N Low Packettes 100's	40,068	1.09	43,674
12	Dietac Capsules 14's	20,100	2.14	43,014
13	Dietac Pre Meal Tablets 42's	12,552	2.36	29,622
14	Control Capsules 28's	9,516	3.08	29,309
15	Prolamine Tablets 50's	6,150	4.56	28,044
CREME RINSES AND CONDITIONERS				
1	Flex Balsam Condition with Body 16 oz	56,940	1.84	104,892
2	Silkience Conditioner Extra Body 15 oz	40,680	2.41	98,082
3	Flex Balsam Condition Regular 16 oz	49,842	1.84	91,628
4	Silkience Conditioner Regular 15 oz	30,270	2.39	72,413
5	Vidal Sassoon Finishing Rinse 8 oz	30,156	2.27	68,336
6	Agree Creme Rinse Regular 12 oz.	30,000	1.88	56,533
7	Silkience Extra Body 7 oz	29,484	1.59	47,013
8	Agree Creme Rinse with Body 12 oz	22,656	1.99	45,021
9	VO-5 Hot Oil Treatment 4 Pack Hot-4	13,632	3.27	44,534
10	Vidal Sassoon Remoisturizing Cream 4 oz	14,376	3.08	44,294
11	Wella Balsam with Body 16 oz	23,928	1.83	43,827
12	Tame Cond Cln Rinse, Rinse Ext Bdy 16 oz	19,722	2.13	41,937
13	Flex Balsam Conditioner Oily 16 oz	21,252	1.88	40,056
14	Clairol Condition Jar 4 oz	11,754	3.38	39,771
15	Silkience Regular 7 oz	23,022	1.58	36,406

(Continued on page 71)

One of the oldest names in watchbands will make you more money than Speidel.

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Discount Store News

PMA

(R)

7th Annual Product Movement Audit

Deodorants Seen Hot

(Continued from page 14)

this listing were Carefree Panty Shields and Sure & Natural Maxi Shields.

The creme rinse-conditioner category, which grew 8% in 1980, was again led by Flex Balsam Extra Body. The Regular formulation of Flex slipped to No. 3 as Silkience Extra Body rose from No. 7 to fill that slot. Silkience Regular scored fourth, up from No. 10. Both Silkience 7-oz. flavors also ranked on the PMA, making Gillette the big sales gainer in this segment as well as in deodorants.

Head & Shoulders again led the shampoo PMA with Flex maintaining its No. 2 spot and Sassoon rising from No. 6 to fill the No. 4 position.

The ethnic category tied diet products as the fastest growing category as Dark & Luvly Kits repeated in the No. 1 position. Sta Sof entered this PMA for the first time and did it up right with four rankings on the list. TCB continued its growth in 1980 while all three Revlon kits fell slightly. Johnson Products suffered the largest decline as three put-ups of kits fell off the listing.

Diet, again led by Dexatrim, will continue to grow as Menley & James will spend millions on its Dietac brand in an attempt to take share points away from Thompson Medical.

Analgesics should also do well in 1981 as everyone enters the capsule race prompted by Tylenol's success with this formulation. So far, McNeil owns the capsule segment with two put-ups on the listing in addition to its two extra-strength tablets and one regular tablet positions.

Vitamins continued steady growth (16%) in 1980 with both Rexall and One-A-Day garnering three positions. Theragran M led the PMA and Stresstabs and Geritol each placed two sku's in the top 15.

The solid soap category also had an excellent year despite the tremendous success of liquid soap. Dial Bath soap took top honors while Ivory Personal took No. 2 and No. 3 with two different packings. Soaps, especially those featuring cents-off or bonus packs, still represent the best promotional opportunity for the mass retailer.

Executive Changes

Sterling Stores, Little Rock-based parent of Magic Mart, has named **THOMAS BUFORD** controller. A certified public accountant, his experience includes stints at many companies, plus four years of private practice. He will report directly to Larry Crutcher, senior vice president of finance. **ROBERT GRIFFITH** was named transportation manager. He has 26 years experience in warehousing. He will report to Grant Woolever.

The DISCOUNT MART

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Richway Unites Hard, Soft Lines Under 2 Sr. VPs

ATLANTA—Richway has consolidated all hard and soft line merchandising under two newly appointed senior vice presidents.

Under the changes Ira S. Bodker, vice president and divisional merchandise manager, was appointed senior vice president and general merchandise manager for soft lines. Russell S. Wachsmann, vice president and divisional merchandise manager, was made senior vice president and general merchandise manager for hard lines.

Ira Bodker

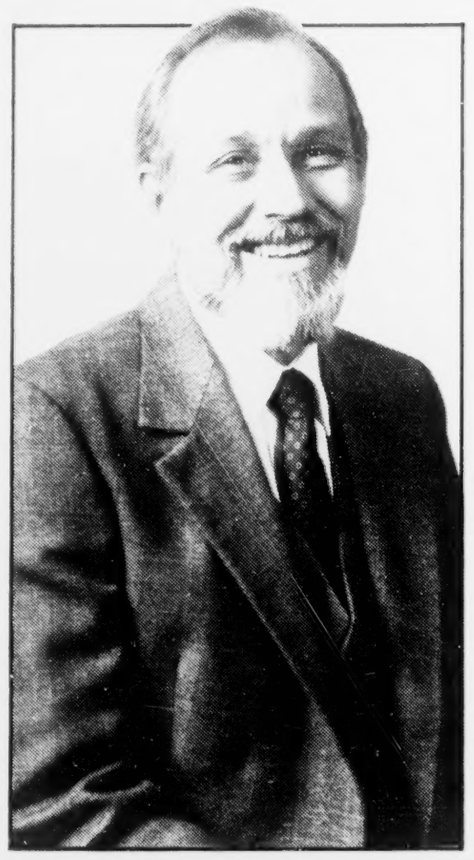
New Approach

Both will report directly to Neil F. Bennett, Richway president. Responsibility for hard line and soft line merchandising had previously been divided among four persons.

The promotion of Jack A. Heilpern, vice president and divisional merchandise manager, to senior vice president for stores was announced by Richway chairman John H. Weitnauer. Heilpern replaces Harvey J. Kopita, who served as vice president for stores and left for Big K last year.

Up the Ladder

Other promotions include Don K. Love, vice president, marketing, to senior vice president for marketing; Buell C. Rollins, vice president, personnel, to senior vice president for personnel and administration, and Joe R. Sheram Jr., vice president, finance, to senior vice president for finance and distribution.



Russell Wachsmann

H&BA

(Continued from page 16)

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	LOTIONS, CREAMS & MOISTURIZERS			
1	Oil of Olay 4 oz	62,388	3.79	236,451
2	Noxzema Cream 10 oz	71,460	2.02	144,390
3	Oil of Olay 6 oz	25,668	5.43	139,377
4	Vaseline Intensive Care Lotion 10 oz	65,460	1.47	96,226
5	Vaseline Intensive Care Lotion 24 oz	21,156	3.28	69,392
6	Porcelana Fade Cream 4 oz	10,350	6.25	64,688
7	Vaseline Intensive Care Lotion 15 oz	27,006	2.27	61,304
8	Noxzema Cream Jar 6 oz	33,900	1.77	60,003
9	Night of Olay Cream 2 oz	13,740	4.35	59,769
10	Keri Lotion 6.5 oz	21,936	2.70	59,227
11	Wet Ones Disposable Towels 70's	29,352	1.51	44,322
12	Vaseline Int Care Lotion Ext Strgth 10 oz	27,696	1.51	41,821
13	Jergens Lotion Dry Skin 10 oz	24,288	1.69	41,047
14	Olay Vitalizing Cream 2 oz	9,084	4.35	39,515
15	Jergens Lotion 15 oz	15,276	2.54	38,801
	SANITARY NAPKINS & TAMPONS			
1	Tampax Super 40's	111,078	2.53	281,027
2	Stayfree Maxipads 30's	71,796	3.36	241,235
3	Stayfree Super Maxipads 30's	58,776	3.45	202,777
4	Tampax Regular 40's	75,378	2.53	190,706
5	Tampax Super Plus 40's	60,204	2.52	151,714
6	New Freedom Maxipads 30's	45,888	3.27	150,054
7	Kotex Super 30's	34,632	3.19	110,476
8	Stayfree Maxipads 12's	73,992	1.47	108,768
9	Stayfree Maxipads 48's	19,200	5.34	102,528
10	Modess Super 40's	22,350	4.53	101,246
11	Kotex Maxipads #190 30's	29,352	3.27	96,981
12	Playtex Deodorant Tampon Super 28's	30,276	2.91	88,103
13	Carefree Panty Shields 30's	37,944	2.23	84,615
14	Playtex Deodorant Tampax Plus 28's	30,804	2.74	84,403
15	Sure & Natural Maxi Shields 30 Cnt	20,940	3.79	79,363
	BABY PRODUCTS			
1	Q Tips Cotton Swabs 300's	131,496	1.49	194,929
2	J&J Baby Shampoo Imperial 16 oz	45,060	3.40	153,204
3	J&J Baby Powder Economy 14 oz	50,964	2.06	104,986
4	J&J Baby Powder Family 24 oz	25,524	3.21	81,932
5	Baby Fresh Wipes 80's	33,108	2.45	81,115
6	Vaseline Int Care Baby Powder 24 oz	47,376	1.63	77,223
7	Baby Fresh Wipes 40's	51,606	1.42	73,281
8	Q Tips Cotton Swabs 170's	68,622	1.06	72,739
9	J&J Baby Shampoo 11 oz	28,896	2.40	69,350
10	J&J Baby Powder Large 9 oz	42,108	1.49	62,741
11	J&J Baby Lotion Economy 16 oz	16,980	3.39	57,563
12	Vaseline Petroleum Jelly 7.5 oz	40,044	1.41	56,462
13	J&J Baby Oil Economy 16 oz	18,492	3.00	55,476
14	Vaseline Int Care Baby Oil 16 oz	33,360	1.62	54,043
15	J&J Cotton Swabs 400's	22,896	2.30	52,661

Discount Store News

PMA

7th Annual Product Movement Audit

Basics Promos, New Items Star In Housewares

Discounters, striving to offset the weak economy, will continue to emphasize promotable housewares basics this year, maintaining the trend that marked the housewares Product Movement Audits for 1980.

This interest in promotable basics coexisted with the heavy play given to new housewares as discounters and other retailers pushed sharp prices and newness to draw shoppers.

The extensive use of housewares to pull traffic was evident in the movement of promotable low-priced items in a number of different categories. In the Bacar Distributors report covering the West Coast, for example, an ice cube tray was the top seller in the Rubbermaid listing, while a Frigidaire tray was No. 5 on the plastics chart.

The HalMar Distributors PMA for New England and the Middle Atlantic States had two Anchor Hocking 24-pc. sets as the top items in the glassware report and hand can openers from Swing-A-Way and Ekco as the Nos. 1 and 3 items on the gadgets chart.

The significance of the strong showing of these items lies not in the fact that they tend to be lower priced housewares, but that they and similar goods were used regularly in promotions targeted to draw shoppers without giving away gross profit dollars.

(Continued on page 21)

HOUSEWARES

These housewares figures, for calendar 1980, were supplied by HalMar Distributors, Holyoke, Mass., and cover more than 500 stores, including 400 full-line discount stores from New England to the Carolinas. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
TABLE TOP					
1	1	Corelle 20-pc set, gold	20,049	38.69	775,695.81
2	3	Corelle 20-pc set, green	18,720	38.69	724,276.80
3	2	Corelle 20-pc set, Woodland	16,376	38.69	633,587.44
4	4	Expressions 20-pc set, Indian Summer	5,997	63.89	383,148.33
5	5	Expressions 20-pc set, Meadow	5,385	63.89	344,047.65
6	6	Expressions, 20-pc set, Wildflower	4,899	63.89	312,997.11
7	7	Corelle 20-pc set, blue	6,286	38.69	243,205.34
8	8	Corelle 20-pc set, white	4,623	36.89	170,542.47
9	—	Dimension IV 16-pc set, Cinnamon	4,037	35.63	143,838.31
10	—	Expression 20-pc set, Strawberry	2,066	63.89	131,996.74
11	—	Dimension IV 16-pc set, Almond	2,746	35.63	97,839.98
12	—	Dimension IV 16-pc set, Citrus	2,574	35.63	91,711.62
13	14	Corelle 5-pc completer set, gold	2,006	21.05	42,226.30
14	13	Corelle small platter, green	5,184	7.82	40,538.88
15	17	Corelle 5-pc completer set, green	1,804	21.05	37,974.20
GLASSWARE					
1	4	Anchor Hocking 24-pc set, Nwprt gld	6,125	12.15	74,418.75
2	1	Anchor Hocking 24-pc st, Nwprt Crystl	3,642	12.15	44,250.30
3	3	Libbey 12½-oz bev, Wheat Spray, 8-pc	4,068	9.89	40,232.52
4	—	Libbey 12-oz bev, Oriental, 8-pc	4,840	8.00	38,720.00
5	5	Anchor Hocking 11-pc tbl srvc st, prsct	3,167	11.69	37,022.23
6	11	Anchor Hocking 7-pc tbl srvc st, prsct	3,948	8.99	35,492.52
7	2	Libbey 6½-oz round wine, Mr Pro	5,369	5.57	29,905.33
8	14	Anchor Hocking 9-oz bev, crystal sham	49,643	0.58	28,792.94
9	—	Anchor Hocking 12-oz bev, Roses	7,168	3.86	27,668.48
10	6	Libbey 8¼-oz wine, Mr Pro	4,886	5.57	27,215.02
11	20	Libbey 12-oz bev, Gold Savoy, 8-pk	3,580	7.46	26,706.80
12	—	Libbey 12-oz bev, Wheat	40,730	0.62	25,252.60
13	10	Libbey 16-oz cooler, Twny Accnt, 4-pc	6,515	3.77	24,561.55
14	18	Libbey 12-oz bev, Blue Bolero	45,540	0.53	24,136.20
15	—	Libbey 12-oz bev, Gold Bolero	45,114	0.53	23,910.42
COOKWARE					
1	2	Ekco 17¼ cookie sht, Baker's Secrt	15,800	3.59	56,722.00
2	4	Ekco 13" oblng cke pn, Baker's Secrt	15,766	3.23	50,924.18
3	12	Ekco 15¼" ckie sht, Baker's Secrt	13,929	3.23	44,990.67
4	8	Ekco 14½" roast pan, Baker's Secret	8,792	4.40	38,684.80
5	7	Ekco 12-cup mffin pn, Baker's Secrt	9,935	3.86	38,349.10
6	14	Ekco 17¼" cookie sheet	14,236	2.15	30,607.40
7	16	Ekco 9¼" loaf pan, Baker's Secret	10,366	2.87	29,750.42
8	18	Ekco 13¼" ckie sht, Baker's Secret	10,131	2.60	26,340.60
9	3	Wer-Evr 10" fry pn, Prem SlvrStne	2,168	11.69	25,343.92
10	15	Mirro 9-cup Comet percolator	2,950	7.73	22,803.50
11	—	Mirro 2½-qt tea kettle, gold	2,979	7.19	21,419.01
12	—	Ekco 8½" loaf pan, Baker's Secret	9,109	2.33	21,223.97
13	—	Ekco 13" oblong pan	10,797	1.88	20,298.36
14	13	Ekco 15¼" cookie sheet	9,832	2.06	20,253.92
15	—	Mirro 2½ qt tea kettle, brown	2,805	7.19	20,167.95
GADGETS					
1	1	Swing-A-Way Prtble hnd cn openr	13,589	3.86	52,453.54
2	2	Rhodes timer, white	5,472	6.65	36,388.80
3	3	Ekco can opener w bottle opener	38,783	0.89	34,516.87
4	4	Ekco 3-way can opener	20,848	1.34	27,936.32
5	7	Rhodes timer, gold	4,028	6.65	26,786.20
6	6	Ekco can opener, plastic handle	12,305	2.06	25,348.30
7	10	Ekco 2⅛" barrel rolling pin	6,864	3.59	24,641.76
8	14	Chaney meat thermometer	10,924	1.97	21,520.28
9	9	Ekco peeler	34,276	0.62	21,251.12
10	18	Taylor hang stand oven thermometer	7,817	2.69	21,027.73
11	—	Helmac lint brush	7,452	2.69	20,045.88
12	16	Ekco 8-wing egg beater	5,416	3.59	19,443.44
13	—	Swing-A-Way wll cn openr, bdgt mdel	4,932	3.86	19,037.52
14	—	Comware 3-pce wood spoon set	15,936	1.16	18,485.76

(Continued on page 21)

Quayle Named Aldens Prexy

SAN DIEGO—Robert H. Quayle, formerly executive vice president-merchandising at FedMart, has been named president of Chicago-based Aldens, a division of Wickes Companies Inc.

Quayle replaces Carle R. Wunderlich, who is leaving the nation's fifth largest mail order and catalog company, according to an announcement by E. L. McNeely, chairman and ceo of Wickes.

Quayle will report to John V. Drum, Wickes executive vice president and group officer.

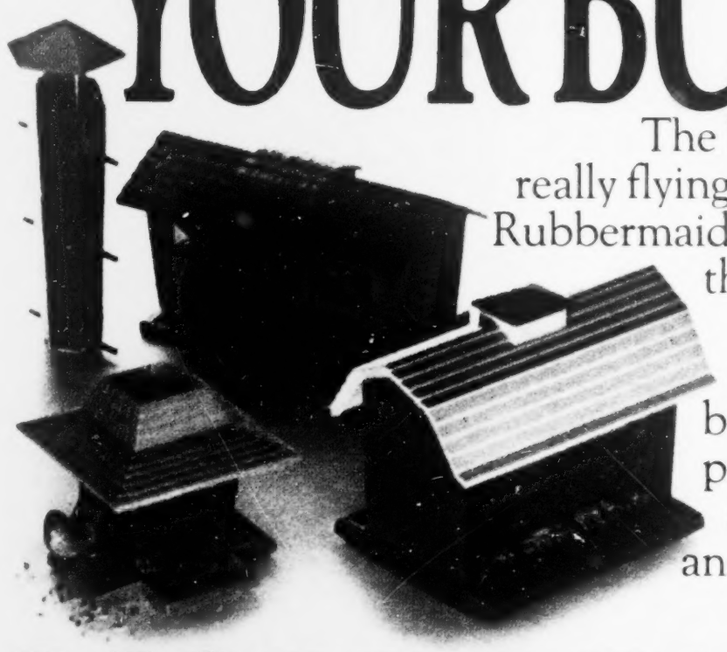
McNeely also announced that the Gamble Department Store division, which previously reported to the president of Aldens, will now report directly to Drum. Karl G. Engelbrecht, executive vice president, remains as Aldens general manager.

Prior to his association with FedMart, Quayle was with Chicago-based Jewel Companies from 1965 to 1978. He was ceo of Turn-Style Stores and vice president of Osco Drug, both Jewel subsidiaries.

MORE FOR THE BIRDS.

Introducing the newest addition to Rubbermaid's growing line of bird feeders. The Finch Feeder. We've designed our new Finch Feeder with smaller holes. So it's perfect for feeding all the little birds.

MORE FOR YOUR BUSINESS.



The bird feeder business is really flying. In fact, bird feeder sales at Rubbermaid have more than doubled over the last three years.

So we're keeping our bird feeder line up-to-date. And backing it with a complete selling program. Including brand awareness, merchandising and service.

MORE REASON FOR ORDERING NOW.

The key to sales this fall is to order early. Rubbermaid is offering 10% off on all bird feeder orders placed before July 15. So be an early bird. Order today.

Rubbermaid®

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Discount Store News

PMA

7th Annual Product Movement Audit

HOUSEWARES

(Continued from page 17)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	4	Lustro-Ware 11-qt hvy duty pail, alum	7,164	2.60	18,626.40
2	2	Republic 1-qt uprite Freezette	6,043	2.69	16,255.67
3	1	Demand Mkt Sesame Street tumbler	18,165	0.89	16,166.85
4	3	Republic 1-pt uprite Freezette	5,853	2.69	15,744.57
5	—	Travco spaghetti server	13,655	1.07	14,610.85
6		Lustro-Ware dust pan	10,856	1.25	13,570.00
7	14	Lustro-Ware 1-gal square decanter	4,656	2.78	12,943.68
8		Eagle 44-oz oblong Superseal	8,036	1.61	12,937.96
9		Vanderbilt nylon baster	10,290	1.25	12,862.50
10	6	Family Prod 2-qt bottle	8,443	1.52	12,833.36
11	7	Lustro-Ware 11-qt round decanter	6,496	1.97	12,797.12
12		Sterlite Tablemate set, almond	4,070	3.14	12,779.80
13	8	Tucker 22-gal trash can	1,683	7.55	12,706.65
14	10	Eagle 80-oz oblong SuperSeal	5,789	2.06	11,925.34
15		Moule nylon spoon & turner set	6,157	1.79	11,021.03

CLEANING & CHEMICALS

1	1	3M 16-oz Scotch Guard	7,603	5.39	40,980.17
2	2	White Labs 160-oz X-14 mildw remvr	11,807	3.14	37,073.98
3		Texize 32-oz Fantastic refill	12,341	2.51	30,975.91
4	3	Johnson 14-oz Pledge, lemon	9,900	2.96	29,304.00
5	4	Drackett 26-oz Drano	7,418	3.50	25,963.00
6	7	Liquid Gold 14-oz aerosol	6,086	3.95	24,039.70
7	14	Texize 64-oz Fantastic refill	6,778	3.50	23,723.00
8	6	Johnson 27-oz Future	5,760	4.04	23,270.40
9		Drackett 48-oz Vanish	8,880	2.33	20,690.40
10		Scotts 16-oz Liquid Gold	5,280	3.86	20,380.80
11	18	Drackett 10-oz Endust	6,446	2.87	18,500.02
12	16	Johnson 14-op Wood Pledge	6,239	2.96	18,467.44
13	5	Glamorene 24-oz Spray 'N Vac	5,171	3.41	17,633.11
14		Carbona 24-oz vacuum rag cleaner	5,939	2.96	17,579.44
15	9	Bissel 14-oz aerosol upholstery kit	3,002	5.84	17,531.68

BATH SHOP

1	1	Selfix Portable shower spray	4,670	8.95	41,796.50
2		Magnolia molded toilet seat, white	3,246	9.89	32,012.94
3	2	Selfix shampoo spray	10,171	1.97	20,036.87
4	3	Ekco 18" towel bar, chrome	9,370	2.06	19,302.20
5	5	Selfix twin hooks, 2-pk	14,851	1.16	17,227.16
6	4	Ekco toilet tissue holder, chrome	8,143	1.97	16,041.71
7	7	Selfix toilet tissue holder	10,997	1.43	15,725.71
8	6	Ekco 12" towel bar, chrome	8,043	1.88	15,120.84
9		Magnolia padded toilet seat, white	905	16.64	15,059.20
10	9	Ekco 24" towel bar, chrome	6,002	2.42	14,524.84
11	14	Selfix hooks 4 pk	10,439	.34	13,988.26
12	9	Ekco 24" twin towel bar, chrome	3,659	3.50	12,806.50
13		Magnolia padded toilet seat, brown	769	16.64	12,796.16
14	10	Selfix 24" towel bar	6,055	1.97	11,928.35
15	12	Selfix 18" towel bar	6,330	1.79	11,330.70

RUBBERMAID

1	1	20 gal Refuse container	4,485	13.49	60,502.65
2	2	10¾" high Rect laundry basket, choc	8,214	5.21	42,794.94
3	3	Self-closing wastebasket, choc	5,568	7.55	42,038.40
4	4	10¾" high Rect laundry basket, gold	7,061	5.21	36,787.81
5	5	10¾" Drainer tray, gold	6,818	5.21	35,521.78
6	10	Delux dish drainer, chocolate	6,209	5.66	35,142.94
7	14	Bath mat, white	11,433	2.96	33,841.68
8		Bath mat, chocolate	11,160	2.96	33,033.60
9	8	5¼" deep dishpan, gold	10,754	2.87	30,863.98
10		11½" dp Square dishpan, chocolate	10,681	2.87	30,654.47
11	7	Self-closing wastebasket, gold	3,976	7.55	30,018.80
12	9	Delux dish drainer, gold	5,140	5.66	29,092.40
13	—	11½" dip Square dishpan, almond	10,082	2.87	28,935.34

(Continued on page 22)

Basics Promotions

(Continued from page 17)

Basic items that are used in promotions are quickly and easily returned to the housewares assortment, so that there isn't any skip in the steady flow of gross profit dollars as the rapid sales and replenishment of these items generate a high turnover.

The quest for newness to help offset any staid look for housewares that can result from just merchandising basics was evident from the quickness with which discounters have added new items in such classifications as tabletop, glassware and Corningware, the three major fashion-oriented areas.

In the tabletop listing, for instance, both PMAs showed Expressions' 20-pc. set in the new Strawberry pattern as No. 10, while Bacar had the new Dimensions IV 16-pc. set in the Cinnamon design as No. 13 and HalMar has it as No. 9.

The bottom line on housewares is that discounters and other retailers have found that the category has great appeal to shoppers due to both the high demand for low-priced basics and the interest in gourmet and lifestyle-oriented products.

Chains have been tieing into these varied interests by "shopifying" housewares to spotlight gourmet and lifestyle goods, and by playing up basics in promotions. While the two PMA reports covered opposite coasts of the country, they included many of the same housewares, a fact that denoted the catholic appeal of staple and fashion-oriented products.

(Continued on page 22)

DH Sells Interest In 4 More Centers

MINNEAPOLIS—Dayton Hudson has sold its interest in four more regional shopping centers.

The sale was to The Equitable Life Assurance Society of the United States and will result in aftertax gains of about $12.5 million this fiscal year.

Centers sold were: Valley View Mall, La Crosse, Wis., opened last year and the only center wholly owned by Dayton Hudson; Quail Springs Mall, Oklahoma City, also opened in 1980; The Orchards, Benton Township, Mich., opened in 1979, and Spring Meadows, Toledo, Ohio, still being developed.

The first sale in the corporation's real estate investment redeployment was the sale in May 1978 of nine wholly owned centers, also to The Equitable.

Contracts to manage 14 of the projects sold so far are held by The Center Companies, an independent management group formed by former real estate executives of Dayton Hudson.

The corporation's interests in three developed shopping centers and various undeveloped land parcels remain to be sold.

Reduces Marking Costs: Eliminates Hidden Expenses
1170
The New Monarch 1170 Labeler
The Monarch 1170 Labeling System eliminates the hidden expenses of most systems and has a lower applied cost: Ink rollers are packed in each box of labels at no additional cost. The single-impression printhead eliminates the average 8% label waste found in stage printers. A two-year written warranty allows you to avoid all service costs.
Vertical grip, precision balance and slim design provide mobility and maneuverability for faster, more accurate marking — not possible with bulky, scissor-grip guns.
THE MONARCH 1170 IS UPGRADABLE TO OCR - WHEN YOU'RE READY
Rapid cycling capability encourages quick operation for increased productivity. The Monarch 1170 is right for today, and is upgradable to OCR — when you're ready tomorrow.
The cost-efficient Monarch 1170 Labeling System reduces hard marking costs — savings you can count on. For an illustrated Performance/ Application Brief, or to see a Monarch Representative, write Monarch Marking, Dept. 826, P.O. Box 608, Dayton, Ohio 45401.
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HOUSEWARES

K mart's new look for hard lines, seen in Indianapolis, includes the use of a regular pegboard display for gadgets on the same unit as manufacturers' fixtures for flatware.
(DSN photo)

(Continued from page 21)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		CORNINGWARE			
1	—	3-pc French White set	6,157	31.49	193,883.93
2	1	Menu-ette set, Cornflower	10,218	17.99	183,821.82
3	9	Grab-it set	8,116	9.62	78,075.92
4	—	2½-qt French White oval casserole	4,389	16.55	72,637.95
5	3	Sidekick	8,265	7.46	64,342.50
6	10	Microwave set	1,446	40.04	57,897.84
7	—	Kitchen Starter set, spice	1,280	40.04	51,251.20
8	7	Large open roaster, spice	2,639	19.34	51,038.26
9	4	Menu-ette set, spice	1,957	24.29	47,535.53
10	6	Menu-ette set, Wildflower	1,901	24.29	46,175.29
11	2	6-cup teapot, spice	2,899	15.74	45,630.26
12	—	Covered oval casserole, white	6,910	6.56	45,329.60
13	—	Kitchen Starter set, Cornflower	1,282	35.09	44,985.38
14	5	6-cup teapot, Wildflower	2,647	15.74	41,663.78
15	11	Kitchen Starter set, Wildflower	1,007	40.04	40,320.28
		PYREX			
1	1	3-qt Bake dish w basket	8,792	13.04	114,647.78
2	7	3-qt Oblong bake dish	24,310	4.67	113,527.70
3	—	Sprout Farm Kit	9,730	9.62	93,602.60
4	3	2-qt casserole w basket	6,725	13.04	87,694.00
5	4	Bake N Serve set, Fireside	6,838	12.32	84,244.16
6	9	2-qt Bake dish w basket	9,168	8.36	76,744.48
7	16	3-pc Mixing bowl set, gold	7,162	9.71	69,543.02
8	—	1½-qt casserole w basket, Fireside	9,293	7.46	69,325.78
9	10	1-cup Liquid measure	36,117	1.79	64,649.43
10	19	3-pc Mixing bowl set, Woodland	6,333	9.71	61,493.43
11	14	1-pt Liquid measure	26,302	2.33	61,283.66
12	—	3-pc Mixing bowl set, green	6,308	9.71	61,250.68
13	17	2-qt Oblong bake dish	13,714	4.22	56,863.08
14	—	8" Square cake dish	7,459	7.46	55,644.14
15	20	9" Pie plate	24,433	2.02	49,354.66

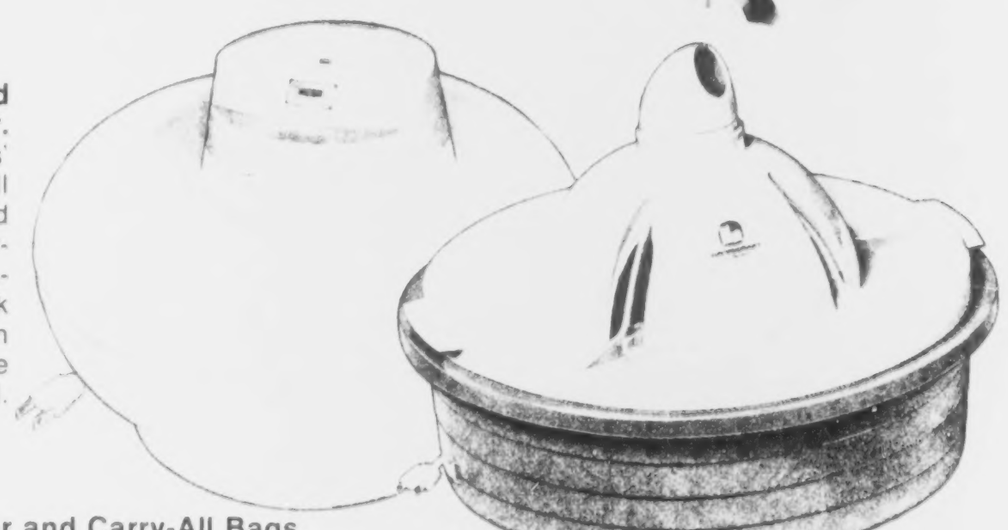
(Continued on page 25)

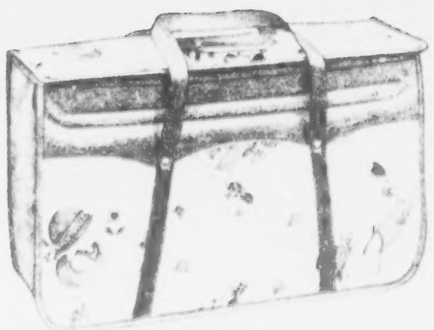
"SALES OPPORTUNITIES BEGIN WITH A CALL FROM YOUR Gerber® REPRESENTATIVE."

Now over 400 juvenile special products carry the brand name mothers have trusted for over 50 years. A complete range of retail marketing programs, including advertising, merchandising, displays, plus special sales and promotional allowances are provided to capitalize on sales opportunities.

Contact your Gerber representative today for a baby department that produces extra profits for you and provides extra convenience for your customers.

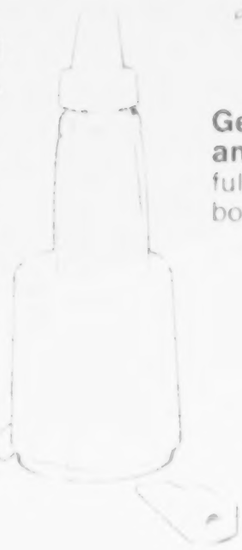
Gerber Knitted Underwear. Meet your customers' basic needs with a full line of comfort-fitted 100% cotton underwear that's guaranteed not to shrink out-of-fit even when machine washed and dried.





Gerber Diaper and Carry-All Bags. Gerber's wide selection of sizes, styles and prices helps you meet all new mothers' needs.

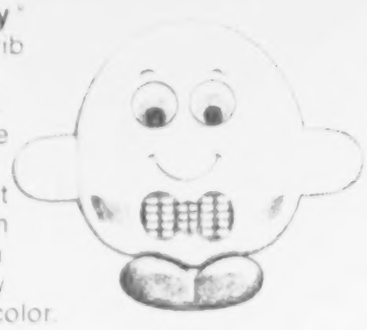
Hankscraft Steam Vaporizers and Cool-Vapor Humidifiers. Hankscraft Vaporizers and Humidifiers have been traditional favorites with doctors, pharmacists and parents because we carefully control all safety features, performance and durability. That's why Hankscraft is No. 1 in portable vaporizers and humidifiers. Our generous allowances provide traffic-building promotional dollars for you.



Gerber Nursers and Nurser Accessories. You can obtain high volume sales with this full range of high quality nurser systems and related accessories. Mothers particularly like the reusable nurser, featuring a snap-off hood and stand-up nipple, with ounce and milliliter markings molded on the clear plastic bottles.

Gerber Feeding Dishes and Appliances. Build high-volume sales with the full line of feeding dishes, sterilizers and bottle warmers all new mothers need.

Gerber Infantoy® Line. Infantoy Crib and Playpen toys make selling toys child's play. All are designed by a child development specialist to teach baby a fun lesson and are nationally advertised in full color.



Gerber Vinyl Pants and Bibs. The right combination of comfort, softness and durability has helped make Gerber the top-selling brand of vinyl babywear and bibs.

Consumers have relied on Gerber and Hankscraft quality for over 50 years.

Gerber HANKSCRAFT

Fremont, Michigan 49412

BJ7893

Discount Store News

PMA

7th Annual Product Movement Audit

Basics Promotions

(Continued from page 21)

The one major exception to this was the exceptionally strong West Coast regional interest in microwave cooking and cookware. While microwave cooking has been gaining adherents in other sections of the nation, it still is strongest on the West Coast, and specialized cookware for use in such appliances captured three of the top 10 spots on the Bacar cookware listing, including No. 2.

This doesn't tell the whole story. The No. 10 item, an Anchor Hocking microwave bacon rack, had the second highest unit movement, while the No. 8 item, a Nordic microwave bacon/meat rack, had the fourth highest.

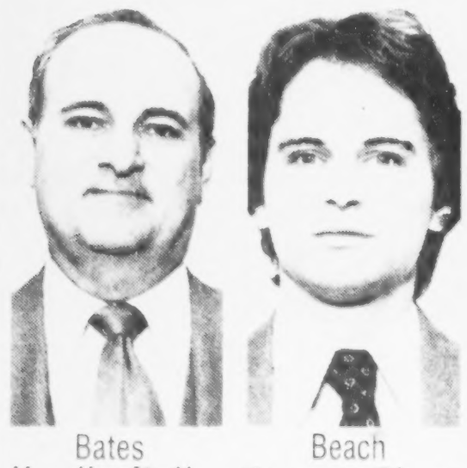
No specialty microwave cookware showed up on HalMar's cookware report. Most Corningware and Pyrex goods, of course, can be used in microwave ovens and this merchandise seems to be favored by consumers in East Coast.

A number of Corningware items are specifically tagged as microwave goods, and the line's microwave set was No. 6 on HalMar's Corningware listing. On the Bacar chart, a microwave browning grill was No. 1 and the microwave set was No. 4.

The strong showing of sets in the glassware list was due to the dual factors of promotions and newness. HalMar's glassware report had 24-pc. sets as the two top items because of their promotability. The Bacar listing had three Libbey sets as new items in the Nos. 3, 12 and 13 places, while a Durand set was a new item in the No. 14 spot.

(Continued on page 25)

Executive Changes



Bates Beach

Family Dollar Stores, Charlotte, N.C., has promoted **GARY D. BEACH** from program analyst to systems and programming manager. **RONALD G. BATES**, most recently also a program analyst, has been promoted to data processing manager.

Toys "R" Us, Rochelle Park, N.J., has named **VINCENT E. PORTER** vice president and regional director of stores. Porter, with the company in various capacities since 1968, was most recently general manager of the New York metropolitan area. **HOWARD W. MOORE** has been named senior vice president of purchasing.

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Basics Promotions

(Continued from page 22)

Gadgets and plastics are perhaps the twc housewares categories for promotions, par excellence. Electric burner bibs and reflector pans captured five places on the Bacar gadgets report as Nos. 2, 3, 4, 10 and 11. They also had the highest unit movement.

Timers are another popular basic, and Rhodes units in white and gold were Nos. 2 and 5 on HalMar's gadget report, while a Lux model was the leader on Bacar's listing.

Plastics are among the most promotable housewares, particularly the larger-sized trash cans and pails. HalMar's listing had a Lustro-Ware 11-qt. heavy duty pail as the top item and a Tucker 22-gal. trash can as No. 13. On the Bacar chart, a Loma 32-gal. can was No. 1, followed by a Tucker 30-gal. can.

Other promotable plastics included a Demand Marketing Sesame Street tumbler, No. 3, at HalMar, and a Flambeau ice pop market as No. 3 at Bacar.

The chemicals portion of cleaning and chemicals comprises prime promotable housewares, with discounters using these highly advertised name brands as price leaders. The key types of cleaners seen on the HalMar PMA are wood, metal and plastic cleaning and polishing chemicals, which captured six listings; floor cleaners and rug cleaners, each with two listings, and specialized chemicals such as a water repellent and a mildew remover, the Nos. 1 and 2 items.

(Continued on page 27)

HOUSEWARES

These housewares figures, for calendar 1980, were supplied by Bacar, distributors, San Jose, Calif., and cover 1,300 stores, including 200 discount department stores on the West Coast. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
TABLETOP					
1	3	Expressions 20-pc set, Wildflower	6,918	63.09	436,456.62
2	1	Expressions 20-pc set, Indian Summer	4,869	63.09	307,185.21
3	5	Corelle 20-pc set, white	6,515	36.82	239,882.30
4	4	Corelle 20-pc set, gold	6,042	38.77	234,248.34
5	2	Expressions 20-pc set, Meadow	3,484	63.09	219,805.56
6	6	Corelle 20-pc set, green	5,485	38.77	212,653.45
7	7	Corelle 20-pc set, Woodland	5,399	38.77	209,319.23
8	8	Corelle 20-pc set, blue	3,505	38.77	135,888.85
9	10	Expressions 20-pc set, Batik	1,930	63.09	121,763.70
10	—	Expressions 20-pc set, Strawberry	1,135	63.09	71,607.15
11	15	Royal China 20-pc set, Woodland Magic	1,681	36.00	60,516.00
12	11	Royal China 20-pc set, Sussex	1,491	36.00	53,676.00
13	—	Dimensions IV 16-pc set, Cinnamon	1,126	38.98	43,891.48
14	12	Royal China 20-pc set, Santa Fe	1,116	36.00	40,176.00
15	18	Corelle large plate, white	3,948	9.14	36,084.72
GLASSWARE					
1	3	Libbey, 24-pc set, Chivalry	4,131	26.55	109,678.05
2	1	Libbey, 6½-oz tall wine, Citation	14,423	5.94	85,672.62
3	—	Libbey 12-pc set, Spirits & Ale	3,192	18.90	60,328.80
4	2	Libbey, 6½-oz red wine, Citation	9,645	5.94	57,291.30
5	—	Anchor Hocking 24-pc set, Nwprt gld	3,122	17.91	55,915.02
6	8	Libbey, 10-oz goblet, Citation	9,360	5.94	55,598.40
7	4	Libbey, 11-oz white wine, Citation	8,642	6.03	52,111.26
8	—	Anchor Hocking 24-pc st, Nwprt Crystl	2,786	17.91	49,897.26
9	—	Wheaton 1-gal Sun Tea jar w lid	10,415	4.14	43,118.10
10	5	Libbey 12-oz red wine, Citation	6,813	6.03	41,382.39
11	20	Libbey 5-gal crystal pig	1,424	28.80	41,011.20
12	—	Libbey 12-pc set, Crystal Chateau	1,770	22.05	39,028.50
13	—	Libbey 24-pc set, Tawny Tropical	1,248	27.90	34,819.20
14	—	Durand 24-pc set, Lancer	1,646	21.15	34,812.90
15	7	Libbey 6½-oz sherbert, Citation	5,625	5.94	33,412.50

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
COOKWARE					
1	—	Farber 15-pc set	1,619	143.99	233,119.81
2	—	Nordic Micro-Go-Round	4,770	47.69	227,481.30
3	11	Wear-Ever Prfd 10" chf fry pn, SlvrStn	19,504	10.34	201,671.36
4	3	Gen Hsewres Granitware 21-qt canr	7,302	19.35	141,293.70
5	12	Regal 10" skillet, SilverStone	13,692	9.88	135,276.96
6	4	Melitta 10-cup drip coffeemaker	16,552	8.09	133,905.68
7	2	Revere 2½-qt whst teaktl, cop-btm	7,594	17.55	133,274.70
8	—	Nordic Microware bacon meat rack	15,938	7.64	121,766.32
9	—	Wear-Ever Prfd 8" chf fry pn, SlvrStn	14,274	8.09	115,476.66
10	—	Anchor Hocking microwave bacon rack	18,253	6.02	109,883.06
11	—	Revere 6-cup teakettle, cop-btm	5,945	15.75	93,633.75
12	—	Revere 1-qt saucepan, cop-btm	5,407	17.10	92,459.70
13	—	Revere 3½-qt teakettle, cop-btm	4,145	18.00	74,610.00
14	7	T-Fal 10¼" fry pan, Rouge	4,943	14.84	73,354.12
15	—	Republic Micro-ette 5-qt corn popper	5,292	11.69	61,863.48
GADGETS					
1	—	Lux timer, Minute Minder	9,595	6.28	60,256.60
2	3	Range Kleen 8" reflector pan, GE	23,872	1.80	42,969.60
3	10	E-Z Foil electric burner bibs	22,607	1.88	42,501.16
4	5	Range Kleen 6" reflector pan, GE	28,192	1.35	38,059.20
5	—	Swing-A-Way hand can opener, gold	10,021	3.77	37,779.17
6	—	Grayline 4 loop plate rack	14,076	2.33	32,797.08
7	16	Grayline jumbo shelf	8,246	3.95	32,571.70
8	20	E-Z Foil oven liner	16,681	1.88	31,360.28
9	13	Bromwell large grater, stainless	8,716	3.50	30,506.00
10	19	Range Kleen 6" reflector pan	22,482	1.35	30,350.70
11	18	Range Kleen 8" reflector pan	16,685	1.80	30,033.00
12	4	Swing-A-Way hand can opener, choc	7,718	3.77	29,096.86
13	—	Ekco 7-pc tool set, Country Cupboard	2,704	10.35	27,986.40
14	17	Foley nylon baster	22,312	1.25	27,890.00

(Continued on page 27)

K mart's California Units to Hit 133

SACRAMENTO, Calif.—With the opening of three more stores in California, K mart will push its count in the Golden State to at least 133, the most in any state.

A 76,000-sq.-ft. K mart will open this spring as part of the expansion of the Peach Tree Mall in Marysville, about 30 miles north of Sacramento.

This fall the chain will anchor community shopping centers opening in Placerville and Brawley, Calif. A 72,000-sq.-ft. store will go into the Prospector's Plaza in Placerville, about 30 miles east of Sacramento.

A scaled-down 55,000-sq.-ft. K mart is scheduled to open in Brawley Plaza in Brawley.

H. J. Wilson Plans Texas Showroom

BATON ROUGE, La.—The H. J. Wilson Company plans to lease and occupy a 40,804-sq.-ft. showroom in the Post Oak Mall in College Station, Tex.

Wilson will anchor the mall along with Sears and Dillard's Department Stores. Wilson presently operates 51 showrooms in the Sunbelt.

Every day is "sale day" to a thief. But not if you're keeping a close watch on things. And with Panasonic Closed Circuit TV (CCTV) you can.

Whether you're running a national chain or a single store, Panasonic has the CCTV equipment you need to deter a thief—or catch him.

For example: Not one, but six vidicon cameras with more than enough sensitivity for most surveillance needs. Where even more sensitivity is needed, six Newvicon® cameras, that can virtually see in the dark. So thieves can't rob you blind.

But a camera is only as good as its monitor. And with Panasonic, you get a picture that looks just like the real thing, whichever model you choose. From 5" up to 19," measured diagonally.

Still, there's more to Panasonic CCTV than meets the eye: Everything from remote control boxes to pan/tilt mechanisms that let you follow a thief without getting out of your chair. To time-lapse video tape recorders that let you record up to 108 hours and scan it in a single hour.

Fill out the coupon now and get the goods on a Panasonic CCTV System before thieves get the goods from you.

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just slightly ahead of our time.

Panasonic Company, Video Systems Div., Dept. DSN-481
One Panasonic Way, Secaucus, N.J. 07094
Send me more information on Panasonic CCTV.

Name _____ Title _____

Store _____

Address _____

City _____ State _____ Zip _____

Area Code _____ Phone Number _____

In Canada, contact Panasonic Video Systems Department, Mississauga, Ontario.

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Basics Promotions

(Continued from page 25)

The category can also be used as a source of higher-ticket sales, as is evident from the items that made the Bacar audit. These include sponge mops and national brand brooms, all of which carried average retails in the $6-$11 range.

Bath shop is another category where sales of step-up merchandise go hand in hand with $1-$3 basic towel bars, toilet tissue holders and hooks.

In the Bacar report, the bigger-ticket items included three Borg scales, a Grayline large shower caddy and a Selfix portable wall and hand shower.

The last-named item also was one of four higher-priced bath products on HalMar's report. The other three were Magnolia toilet seats.

Fashion trends are a key interest in Rubbermaid. Both PMAs point up the overwhelming impact that chocolate and almond have made in this category. Almond accounted for eight items and chocolate four on the Bacar report. The scorecard for HalMar was five chocolate and two almond, with gold still showing strength in East Coast markets and accounting for five places.

Rubbermaid is often featured as a promotion, with the recognition of the brand name helping to capture higher prices in ads. At the same time, discounters have used the brand as the trade-up for large-size trash cans. HalMar had a 20-gal. container with an average $13.49 retail as No. 1 on the

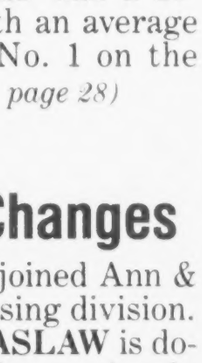
(Continued on page 28)

Executive Changes

Two buyers have joined Ann & Hope's merchandising division. **JEFFREY M. ZASLAW** is domestics buyer. He previously held buying positions in domestics, luggage and sporting goods at Bradlees. **MICHAEL A. MAINO** is hardware buyer. He was previously hardware/paint/home improvement buyer for King's.

JAMES T. HALE has been named senior vice president, general counsel and secretary of Dayton Hudson. He leaves General Mills, where he was vice president, control and administration, for the restaurant and consumer nonfood business. Prior to that, Hale practiced law for 13 years.

LUCILLE STODDARD, a Caldor store manager, has been promoted to regional store supervisor overseeing a group of Connecticut units. Stoddard joined the company in 1976 as a department manager in ladies' wear, after completing the Caldor executive training program.



HOUSEWARES

(Continued from page 25)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	7	Loma 32-gal trash can, avocado	9,109	12.59	114,682.31
2	1	Trucker 30-gal garbage can	8,621	11.68	100,693.28
3	4	Flambeau ice pop maker	21,504	1.78	38,277.12
4	3	Republic 1-qt uprite Freezette set	12,342	2.69	33,199.98
5	2	Frigidaire ice cbe tray	15,935	1.97	31,391.95
6	5	Repblic 1-pt uprite Freezette set	10,739	2.69	28,887.91
7	6	Repblic 1½-pt uprite Freezette set	9,648	2.69	25,953.12
8	8	Arrow 16-oz tumbler, Rainbow	38,924	0.62	24,132.88
9	11	Republic 2-qt Freezette refrig bottle	12,231	1.43	17,490.33
10	13	Repblic 12-oz uprite Freezette	6,396	2.69	17,205.24
11	—	Republic 1½-gal uprite Freezette	10,397	1.61	16,739.17
12	15	Republic 2½-pt flat Freezette	10,651	1.52	16,189.52
13	16	Republic 6½-pt flat Freezette	2,034	7.37	14,990.58
14	—	Dial midget ice cube tray	9,589	1.52	14,575.28
15	—	Lustro 4-pc bowl w/cover set, white	3,858	3.77	14,544.66

CLEANING & CHEMICALS

1	—	Roll-O-Matic sponge mop	10,594	10.40	110,177.60
2	—	O-Cedar Angler broom	13,334	6.13	81,737.42
3	3	National corn broom, economy	20,470	3.86	79,014.20
4	1	Mop-A-Matic sponge mop	6,347	10.26	65,120.22
5	—	O-Cedar Light & Easy sponge mop	8,748	6.13	53,625.24
6	—	O-Cedar sponge mop, power strip	5,355	8.10	43,375.50
7	6	Quickie automatic sponge mop	6,325	6.74	42,630.50
8	2	Magla latex gloves, medium	31,297	1.16	36,304.52
9	—	Roll-O-Matic refill sponge	8,220	3.76	30,907.20
10	7	Ballanoff copper dustpan	20,281	1.52	30,827.12
11	—	Kellogg Capt Hook angle broom	7,331	3.86	28,297.66
12	19	National corn broom, janitor	3,451	8.09	27,918.59
13	—	National corn broom, thrifty	5,346	5.12	27,371.52
14	18	Gem deluxe sponge mop w/scrub	4,265	6.29	26,826.85
15	—	National corn broom, 100% corn	3,631	7.19	26,106.89

BATH SHOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Grayline large shower caddy	25,418	5.12	130,140.16
2	2	Grayline shower caddy	11,553	3.14	36,276.42
3	3	Selfix shampoo spray	12,186	1.97	24,006.42
4	—	Borg scale, Futura, brown	1,692	13.94	23,586.48
5	—	Borg scale, Futura, white	1,655	13.94	23,070.70
6	—	Borg scale, Futura, gold	1,637	13.94	22,819.78
7	6	Kellogg bowl brush, plastic	19,374	0.98	18,986.52
8	—	Empire sponge bath brush	4,562	2.87	13,092.94
9	—	Empire bowl brush, wood handle	12,465	0.98	12,215.70
10	7	Selfix portable wall hand shower	1,110	8.99	9,978.90
11	—	Lola Nuvo deluxe bowl brush	5,154	1.79	9,225.66
12	—	Empire bath brush sponge	3,880	2.33	9,040.40
13	19	Kellogg bath brush, nylon	6,201	1.43	8,867.43
14	—	Empire super bowl brush	6,324	1.34	8,474.16
15	—	3M bath kitchen rect brush	3,182	2.33	7,414.06

RUBBERMAID

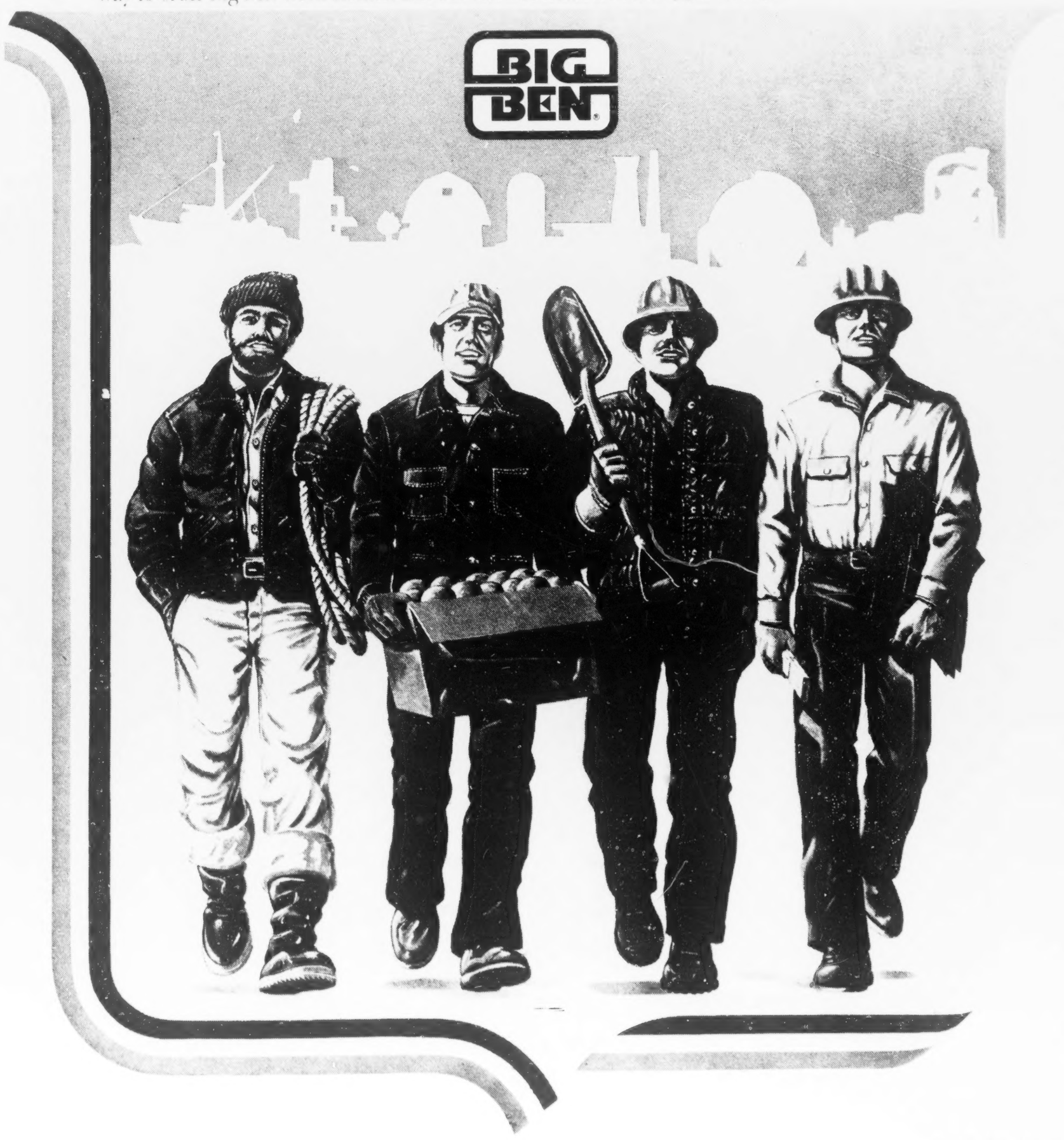
1	—	Ice cube tray	74,666	0.88	65,706.08
2	1	32-gal Roughneck can, chocolate	2,805	23.36	65,524.80
3	2	32-gal Roughneck can, avocado	2,628	23.36	61,390.08
4	—	12" Slide-ot drawer, almond	6,534	8.95	58,479.30
5	—	16" Slide-ot drawer, almond	5,520	9.85	54,372.00
6	6	Clean-up caddy, almond	11,614	4.48	52,030.72
7	13	10¾"-hi rectang laundry basket, choc	8,722	5.21	45,441.62
8	—	Single turntable, almond	19,487	2.24	43,650.88
9	—	Wrap & bag organizer, almond	9,341	4.48	41,847.68
10	19	30-gal Roughneck can, choc	1,777	23.36	41,510.72
11	—	Twin turntable, almond	10,754	3.86	41,510.44
12	20	15"-hi wastebasket, choc	9,461	4.31	40,776.91
13	—	Storage turntable, almond	5,896	6.74	39,739.04
14	—	Turntable, almond	7,704	4.94	38,057.76

(Continued on page 28)

NOBODY COVERS AMERICA'S WORK FORCE LIKE BIG BEN®

No other brand of work clothes comes up to the Big Ben standard of quality —in materials or construction. That's why America has been sold on Big Ben since 1915. And to help you sell your customers and keep them sold, we offer you a complete line in a wide range of colors.

And we back up every garment with a full one-year warranty. Nobody else puts that much confidence behind their label. But then, nobody else has the Big Ben name to live up to. For the fastest, most convenient way to order Big Ben work clothes, call our toll free number: **800-334-0803**



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HOUSEWARES

Bulk plastics show different faces in Caldor, Providence, R.I. The items are nested inside each other but smaller goods are facing up, while larger items are on their side. *(DSN photo)*

(Continued from page 27)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CORNINGWARE					
1	6	Microwave browning grill	5,714	25.23	144,164.22
2	5	Kitchen starter set, Wildflower	2,333	44.42	103,631.86
3	1	Kitchen starter set, Spice	2,201	44.42	97,768.42
4	8	Microwave set	1,875	44.38	83,212.50
5	—	French White 3-pc set	3,240	23.58	76,399.20
6	16	Grab "4" It set	3,356	20.30	68,126.80
7	2	Grab-It set	5,768	10.69	61,659.92
8	7	Menu-ette set, Spice	2,150	26.98	58,007.00
9	17	Cook's Choice set, Wildflower	915	62.83	57,489.45
10	9	Menu-ette set, Wildflower	2,124	26.98	57,305.52
11	11	6-cup Teapot, Spice	3,242	17.38	56,345.96
12	15	2½-qt Casserole, Spice	2,830	19.78	55,977.40
13	3	Sidekick	6,806	8.17	55,605.02
14	19	Casser-ette	7,276	7.59	55,224.84
15	12	3-qt Saucepan, Spice	2,650	20.53	54,404.50
PYREXWARE					
1	1	3-qt Oblong dish	37,563	5.27	197,957.01
2	—	Spout farm kit	11,803	9.61	113,426.83
3	2	2-qt Oblong bake dish	18,770	4.68	87,843.60
4	4	1-cup Liquid measure	38,776	2.03	78,715.28
5	3	3-qt Utility dish w basket	4,896	14.41	70,551.36
6	17	8" Square cake dish	16,447	3.88	63,814.36
7	14	1-pt Liquid measure	22,826	2.53	57,749.78
8	6	6-oz Custard cup, 4 pk	16,501	3.11	51,318.11
9	—	3-pc Casserole set, Autumn Harvest	2,981	16.11	48,023.91
10	—	2-liter Juice jug	15,693	2.91	45,666.63
11	11	10-oz Deep pie dish	10,341	4.10	42,398.10
12	15	2-qt Serving pitcher	4,782	8.56	40,933.92
13	—	4-pc Bowl w lip set, Autumn Harvest	2,453	14.99	36,770.47
14	13	2-qt Utility dish w basket	2,452	14.41	35,333.32
15	—	9-pc Starter set	2,019	16.93	34,181.67

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PMA

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Basics Promotions

(Continued from page 27)

Rubbermaid list, while Bacar had two 32-gal. Roughneck cans, $23.36 average retail, as Nos. 2 and 3 and a 30-gal., at the same average retail, as No. 10.

Corningware, tabletop and Pyrex are three categories where new items spark sales. Corningware's French White look is the line's newest fashion, and a 3-pc. set was No. 1 on HalMar and No. 5 on Bacar. a 2½-qt. French White casserole also scored as No. 4 on the HalMar audit.

The hot new item in Pyrex was the Sprout Farm kit, No. 2 on Bacar and No. 3 on HalMar. The manufacturer's TV effort helped to boost sales.

Dimensions IV was the new dinnerware offering from Corning Glass and all three designs made the HalMar tabletop listing, as Nos. 9, 11 and 12.

The Bacar report only had Dimensions IV in Cinnamon as the No. 13 item.

The more informal lifestyle of West Coast residents resulted in the tabletop report from Bacar showing a greater assortment of designs than the HalMar listing. The goods found only on Bacar are three different sets from Royal China as Nos. 11, 12 and 14.

Tabletop merchandise, overall, carry the highest tags of any housewares traded in the PMAs. But these items are also regularly used as promotions; discounters and other retailers use this fashion merchandise to draw shoppers.

May and Prudential Form Joint Venture

ST. LOUIS—May Department Stores and the Prudential Insurance Co. of America have finalized their agreement to form a partnership in certain regional shopping centers formerly owned and operating by May Centers, a wholly owned subsidiary of May.

The aftertax gain to May resulting from the transaction is estimated to be $9 million, or 30¢ per share, and will be reflected in May's fourth-quarter and full-year 1980 financial statements.

The transaction finalizes the agreement on five of the major regional shipping centers—Westland in Denver, and South County, West County, Northland and St. Clair Square in the St. Louis area. Finalization on a sixth center, Laurel Plaza in Los Angeles, is expected later this year.

Executive Changes

Duckwall-ALCO, Abilene, Kan., promoted **THOMAS TOLWORTHY** to district manager. He will be based in Lamesa, Tex., and will be responsible for the ALCO discount stores in north central Texas.

Nobody gives you more ways to sell the baby products customer than Dundee does.

Introducing "Nature Trails."™ Dundee's newest line of nursery coordinates.

Now. Two great designs.
Nobody makes a fuller line of nursery coordinates than Dundee. And now that we're adding the appealing "Nature Trails" design to our selection, you have two great Dundee designs. And that means more ways to sell the expectant mother or gift buyer than ever before.

Dundee sales add up. And up.
Dundee helps you turn a $5.00 crib sheet customer into a $56.50 sale. Because only Dundee Coordinates include everything from crib sheets to diaper stackers. From receiving blankets to bibs. From hooded bath towels to washcloths. And more. Dundee Coordinates mean more impulse sales, more multiple sales.

Four million new customers every year.
It's estimated that four million babies will be born in 1981. And they'll all be needing what you're selling. Don't miss your share of this market. Add "Nature Trails" to your displays of "Country Sunshine"™ coordinates. And watch your sales add up.

Dundee®
"We're soft on babies."®

Dundee Mills, Inc., Baby Products Division, 111 West 40th Street, New York, NY 10018

ELECTRIC HOUSEWARES

These electric housewares figures, for calendar 1980, were supplied by Myron Nickman, distributors, a division of Cook United, Maple Heights, Ohio, and cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
STYLER/DRYERS					
1	1	Gillette 1000W Supermax 2	3,754	19.99	75,042.46
2	6	Conair 1000W Pro Dryer	4,145	13.66	56,620.70
3	16	Gillette 1200W Supermax	2,080	22.81	47,444.80
4	14	Norelco 1000W Gotcha Gun	3,715	11.71	43,502.65
5	—	Northern 1200 Compact	4,913	8.83	43,381.79
6	2	Conair 1200W Pro Styler w brush	1,942	22.18	43,073.56
7	—	Conair 1250W Vagabond	2,531	16.63	42,090.53
8	17	Northern 1200W	3,944	10.50	41,412.00
9	12	Northern 100W	3,236	11.96	38,702.56
10	3	Conair 1200W Pistol Power	2,751	12.41	34,139.91
11	4	Windmere 1250W Boss	2,294	13.14	30,143.16
12	—	Gillette 1300W Supermax Pro	1,344	18.15	24,393.60
13	—	Northern 1200W folding mini dryer	1,799	10.36	18,637.64
14	7	Clairol 1200W One-For-The-Road	916	20.15	18,457.40
15	14	Norelco 1200W Gotcha Gun	1,263	14.29	18,048.27
16	11	Gillette 1400W Supermax Pro	625	21.48	13,425.00
17	10	Sunbeam 1200W Win-Aire	912	12.93	11,792.16
18	15	Clairol 1200W Shoot the Breeze	598	17.45	10,435.10
19	8	Clairol 1200W Son of a Gun	277	20.81	5,764.37
20	18	Windmere 1200W Dry Baby	418	12.04	5,032.72
21	5	Shetland 1200W Pony Pro	128	9.56	1,223.68
		TOTALS	43,585		622,764.06
CURLING WANDS					
1	—	Clairol Crazy Brush	5,066	14.16	71,734.56
2	5	Clairol Crazy Curl	4,082	12.09	49,351.38
3	12	Northern Pro Styling Brush	7,181	6.86	49,261.66
4	2	Gillette Body & Curl	3,246	14.74	47,846.04
5	8	Norelco Wave Maker	3,563	12.38	44,109.94
6	—	Conair Curling Brush	4,108	8.73	35,862.84
7	11	Norelco Curl Q	3,199	10.35	33,109.65
8	3	Windmere Pretty Curl	3,368	5.58	18,793.44
9	—	Northern Pro iron, chrome	3,662	4.79	17,540.98
10	13	Dallas Hot Pick	1,393	11.43	15,921.99
11	—	Georgie Curling Brush	1,589	7.79	12,378.31
12	4	Gillette Super Curl compact	698	13.39	9,346.22
13	—	Gillette Super Curl	830	10.74	8,914.20
14	—	Dallas Hot Brush	600	10.41	6,246.00
15	14	Conair Curls 'N Curls	1,231	5.04	6,204.24
16	—	Windmere The Dry Iron	1,069	4.28	4,575.32
17	1	Windmere Curling Brush	298	8.25	2,458.50
18	—	Windmere Kwik Kurl Wonder Bar	635	3.81	2,419.35
		TOTALS	45,818		436,074.62
DRIP COFFEEMAKERS					
1	1	North Amer Mr Coffee 12-cup w saver	10,689	41.93	448,189.77
2	5	Norelco 10-cup Dial-A-Brew	14,207	23.90	339,547.30
3	4	Proctor-Silex 10-cup	12,015	19.94	239,579.10
4	3	North Amer Mr Coffee 10-cup	5,612	24.90	139,738.80
5	—	North Amer Mr Coffee 10-cup, almond	4,597	29.43	135,289.71
6	—	North Amer Mr Coffee 10-cup w saver	1,938	39.88	77,287.44
7	—	Norelco 12-cup Dial-A-Brew II	1,689	36.48	61,614.72
8	—	Hamilton Beach 12-cup	1,907	21.49	40,981.43
9	7	Norelco Express 4-cup	1,199	21.11	25,310.89
10	12	Hamilton Beach Mini-Drip	1,550	16.29	25,249.50
11	9	Regal 4-cup mini-drip	509	15.84	8,062.56
		TOTALS	55,912		1,540,851.22
STAND MIXERS					
1	1	Sunbeam w dough hook, white	406	77.53	31,477.18
2	2	Waring 6-speed, 2-way, white	1,445	20.60	29,767.00
3	—	Hamilton Beach 9-sp w dough hook	130	49.71	6,462.30
4	—	Waring 12-speed	231	23.21	5,361.51
5	3	Hamilton Beach 12-sp, stainless bowl	128	33.39	4,273.92
		TOTALS	2,340		77,341.91

(Continued on page 32)

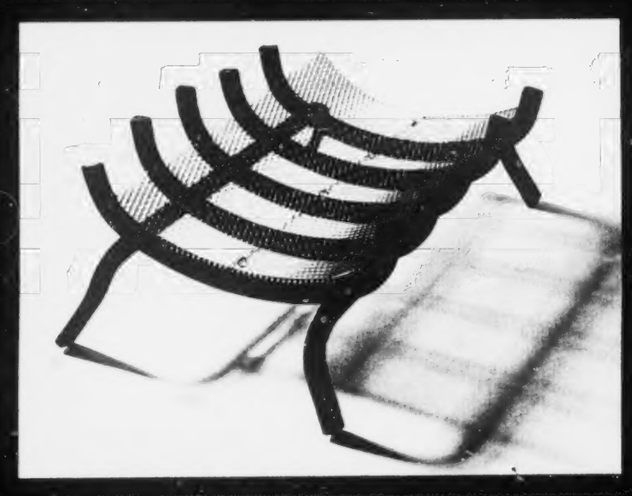
Hart has a grate new idea!

It's the Interlok...a heavy-duty steel-beam fireplace grate that's actually energy-efficient.

Energy efficient? You bet. The Interlok has a special steel-mesh liner that can save your customers money.

How? By separating the dead ashes from the live embers...and by keeping those embers and unburned pieces of wood or coal up with the rest of the fire until it all burns completely. But the big advantage to you is the fact that the Interlok comes in a box.

Why? Because that hard-selling box stacks so well on your gondola... and allows you to put almost four times as many grates in the same space.



And it comes to you completely palletized for easy handling...no burrs, no banding, no bull.

So get the new Interlok grates from Hart.

Advertise their unique energy-saving feature...and watch them move.

HART™

Hart Fireplace Furnishings
2549 Charlestown Road
New Albany, Indiana 47150
812-944-7723
Division of
S&T Industries.

Discount Store News

PMA

7th Annual Product Movement Audit

Specialty Items, Curling Wands, Drips Touted

Drip coffeemakers, specialty electrics and curling wands are seen as three of the stronger electric housewares this year due to extensive rebates, the successful introduction of new models and sharp competition among manufacturers.

Weaker sales of food processors and toasters are expected to become more evident this year. Market maturity and the attendant leveling off of demand will be the key factor for slower growth of food processors, while heightened interest in toaster-ovens will result in lower movement for toasters.

Electric housewares dollar sales, overall, will remain strong despite a further separation of the market into (a) lower-priced basics that are often used as promotional items and (b) step-up goods that feature electronic controls and European designs as justification for the higher tickets.

Electrics will continue to be used as a traffic-building category, with retailers heightening efforts to promote hot items and brands at just under $10 and $20 for maximum ad impact. This means tighter inventories and fewer sku's, with discounters relying on a faster turnover from a basic mix producing the greater number of gross profit dollars needed to offset sharper promotions.

A number of trends evident in the electric housewares Product Movement Audit for 1980 reported by Myron Nickman Distributors indicate the shape of the small-appliance market this year.

The 11 drip coffeemakers on the report, for example, had the highest unit and dollar movement of any small electric. In the 1979 PMA, 13 models had a lower total unit and dollar movement.

The 20,247 jump in unit movement and $562,012.88 rise in dollar movement denote the explosive increase in demand for drip coffeemakers. The top seller in both units and dollars was a 12-cup-with-saver model, a new unit that also carried the highest average retail.

None of the electronic-control models introduced late last year made the 1980 audit, but they are expected to help spark continued interest in drip coffeemakers this year. Also aiding sales will be the extensive rebates offered by manufacturers, which will help retailers promote lower-priced models in ads at a final price of under $20.

Specialty electrics had the fourth highest total unit movement but ranked second in total dollar movement. The category's strength—up 6,849 in units and $372,009.93 in dollars—was due to hot-air popcorn makers which have suc-

(Continued on page 32)

ELECTRIC HOUSEWARES

(Continued from page 30)

HAND MIXERS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Hamilton Beach 3-speed, gold	8,530	11.13	94,938.90
2	5	Hamilton Beach 5-speed w case, almond	1,533	18.63	28,559.79
3	4	Waring 6-speed, white	1,770	13.13	23,240.10
4	3	Sunbeam 3-speed, white	1,910	11.24	21,468.40
5	2	Sunbeam 5-sp, Burst of Power, white	968	22.05	21,344.40
6	—	Hamilton Beach 3-speed, white	1,719	10.84	18,633.96
7	—	Waring 6-speed, almond	544	12.15	6,609.68
8	—	Moulinex 3-speed, w dough hooks	220	22.15	4,873.00
9	—	Waring 12-speed, almond	144	15.05	2,167.20
10	—	Betty-G 5-speed, white	180	9.99	1,798.20
11	7	Waring 12-speed, gold	116	14.93	1,731.88
		TOTALS	17,634		225,365.51

CAN OPENERS

1	7	Rival, almond	7,012	10.60	74,327.20
2	3	Rival w knife sharp, almond	3,740	12.25	45,815.00
3	4	Waring w knife sharp, gold	2,433	13.68	33,283.44
4	1	Rival Slimline w knife sharp, white	1,551	14.38	22,303.38
5	—	Dazey	2,060	9.10	18,746.00
6	—	Rival w knife sharp, white	1,221	11.68	14,261.28
7	2	Rival w knife sharp, gold	780	12.26	9,562.80
8	9	Rival gold	895	10.35	9,263.25
9	6	Oster, white	377	16.74	6,310.98
10	5	Betty-G w knife sharp, white	385	9.73	3,746.05
		TOTALS	20,454		237,619.38

IRONS

1	1	Proctor-Silex steam	6,871	12.84	88,223.64
2	2	Sunbeam promotional self-clean	1,605	22.51	36,128.55
3	2	Sunbeam self-clean	993	28.54	28,340.22
4	6	Proctor-Silex steam spray	1,710	15.41	26,351.10
5	10	Sunbeam promotional steam iron	1,946	12.63	24,577.98
6	—	Proctor Silex Lady Light spray steam	373	53.56	19,977.88
7	7	Hamilton Beach Smart iron	572	28.03	16,033.16
8	9	Struhl travel iron	2,165	5.94	12,860.10
9	12	Hamilton Beach Speed-O-Light II	627	16.46	10,320.42
10	4	Proctor-Silex steam spray, self-clean	463	19.58	9,065.54
11	8	Sunbeam Today iron	174	20.51	3,568.74
		TOTALS	17,499		275,447.33

TOASTERS

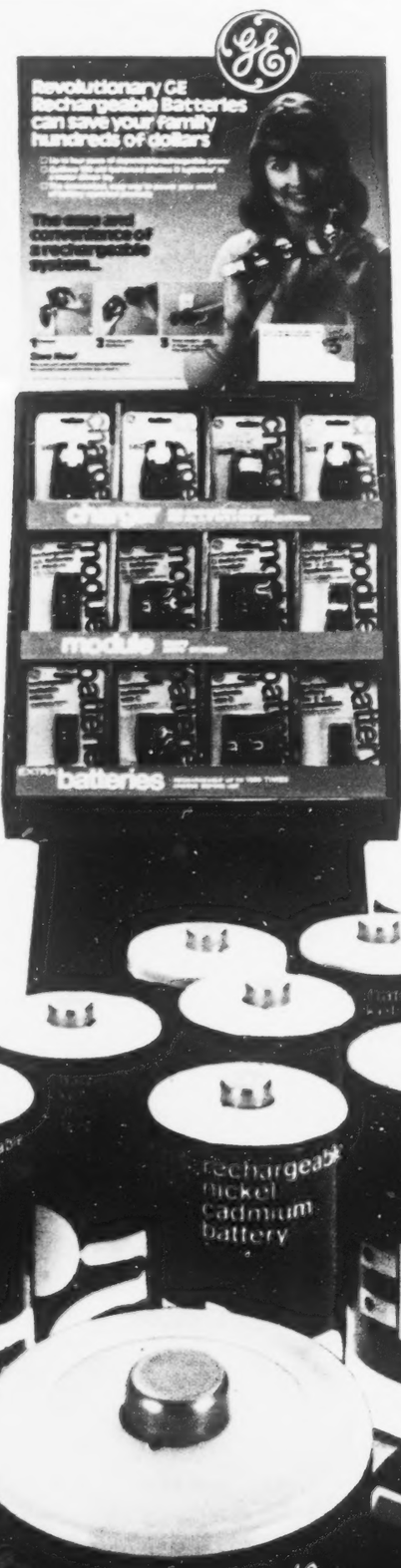
1	1	Proctor-Silex 2-slice, promo	7,011	12.35	86,585.85
2	2	Toastmaster 2-slice, almond	4,732	12.85	60,806.20
3	4	Proctor-Silex 4-slice, promo	2,176	18.64	40,560.64
4	5	Toastmaster 4-slice, dual cntrl, wd tone	1,054	29.46	31,050.84
5	—	Toastmaster 4-slice	1,150	21.66	24,909.00
6	3	Proctor-Silex 2-slice, pastry	1,410	16.58	23,377.80
7	—	Proctor-Silex 2-slice The Breadmates	1,200	3.44	16,128.00
8	6	Proctor-Silex 4-slice, pastry	330	24.10	7,953.00
		TOTALS	19,063		291,371.33

BLENDERS

1	3	Hamilton Beach 7-speed, almond	3,891	19.58	76,185.78
2	1	Oster 10-speed	1,848	25.15	46,477.28
3	—	Waring 14-speed, almond	1,939	22.93	44,461.27
4	7	Hamilton Beach 14-sp Blndr Plus, gold	1,088	29.00	31,552.00
5	—	Waring, 8-speed, Titan	1,292	20.04	25,891.68
6	5	Waring 15-button, white	501	26.41	13,231.41
7	6	Oster 10-speed, glass bowl	201	29.16	5,861.16
		TOTALS	10,760		243,660.58

(Continued on page 52)

GE Rechargeables. The now generation in profitable power.


Revolutionary GE Rechargeable Batteries can save your family hundreds of dollars
The ease and convenience of a rechargeable system...
rechargeable nickel cadmium battery
batteries

The General Electric Rechargeable Battery System. Made for many of today's battery-powered electronic devices—and right for you with:

- Higher gross margins per sale than throwaway batteries.
- Repeat sales—1 charger can pull through 8 battery sales in a year.
- Average annual profits, in one case, as high as $11,985/sq. ft.*

A program with PULL

National print—full color, full page ad with $3 REBATE COUPON. Informing, educating, motivating your customers in major national magazines—over 18,000,000 coupons in the 4th quarter.

$3 Consumer REBATE

$1 off on each charger, each module with batteries and each battery package:

- In national print, pulling customers into your store.
- At POS on the new pre-pack display.
- In new ad slicks for peak selling season co-op.

TV—410,000,000 adult impressions

GE Rechargeables will be featured on America's most popular nighttime TV game shows.

The NOW battery means PROFITS

General Electric is building customer loyalty to GE Rechargeable Batteries. Telling America GE has a simple, convenient alternative to throwaways. Establishing brand preference with exclusive features like our Double Charger. BE READY to profit. One West Coast mass merchandiser reported estimated annual profit per square foot averaging $11,985.* This can become even more impressive with the impact GE's complete new program is generating. GE Rechargeable Batteries. Today's profitable alternative to throwaway batteries.

- New pre-pack merchandiser displays
- A great new co-op radio jingle and ad slick program
- Multi-million impression PR campaign...and more!

We bring good things to life.

GENERAL ELECTRIC

Discount Store News

PMA

7th Annual Product Movement Audit

Curling Wands, Drips Touted

(Continued from page 30)

cessfully replaced hamburger makers as the hot specialty appliance—and have done so while maintaining their original retail prices and avoiding the footballing that marked the merchandising of hamburger cookers.

Promotional use of popcorn makers has been more restrained, centering on name brands that are easily returned to the basic mix, unlike hamburger makers where off-brands, closeouts and imports were extensively used for promotions and where remainders had to be even further cut in price to sell out.

Specialty electrics' strength also reflects the steady demand for ice cream makers and mini-fast fryers which are year-round gifty items in the $15-$25 range.

Curling wands registered the second highest total unit movement on the PMA and were fourth in total dollar movement. The category's strong showing reflected the broad consumer acceptance of curling brushes as a new hair care appliance—and discounters' use of this item in promotions throughout the year, with special emphasis at such gift-giving periods as Mother's Day, Back-to-School and Christmas. The curling brushes are usually featured at under $15 in ads, with the older curling wands promoted at under $10 and even under $5.

Curling wands had only a 1,837 increase in unit movement, but total dollars were up $37,405.43 due to the higher average retail of the newer curling brushes.

Styler/dryers actually had less total unit and dollar movement on the 1980 annual PMA compared with the previous one. But, the category continued to be among the leading appliances—third highest in unit and dollar movement—due to its basic consumer appeal as the prime hair care appliance, and extensive use in promotions. Unit movement fell 5,769 units, while dollars were off $96,930.87.

The slowdown in food processor action was seen in the 809 fewer units and $63,995.55 drop in dollar movement, the latter decline denoting the lower retail price due to sharper manufacturer competition.

Discounters have regularly promoted food processors and the low ad prices plus rebates have seen units tagged with a final price of under $40.

Manufacturers have introduced newer models this year in an effort to maintain their market shares in the face of competition and to capture higher dollar sales.

Toaster movement went up 372 units, but dollar movement was off $3,495.40 as retail prices declined to generate

(Continued on page 52)

It's the BARDAHL summer®
TAKE IT OFF offer!
Take 15%-20% right off the top of the invoice
(Depending on product) if ordered between April 15th and May 31st, 1981, for immediate shipment

TAKE OFF 15%
Take 15% off the invoice* on
BARDAHL Fuel Saver
#3011 12 oz.

TAKE OFF 20%
Take 20% off the invoice* on
BARDAHL #5011 11 oz.
Carburetor Cleaner
BARDAHL #5115 12½ oz.
Carb 'Choke (Aerosol)

*REMEMBER—You must order between April 15 and May 31, 1981 for immediate shipment. TERMS: 2% 10 EOM

100% CO-OP

Contact your BARDAHL representative today, or write or call collect to:

BARDAHL MFG. CORP.
1400 N.W. 52nd Seattle, WA 98107
(206) 783-4851

ELECTRIC HOUSEWARES

(Continued from page 32)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
SPECIALTY ELECTRICS					
1	1	Wear-Ever Popcorn Pumper	16,343	27.98	457,277.14
2	2	Presto Popcorn Now	5,106	29.03	148,227.18
3	—	Proctor-Silex 4-qt ice cream maker	3,601	14.84	53,438.84
4	—	Hamilton Beach Popcorn Pumper	2,000	26.06	52,120.00
5	5	Presto Fry Daddy	1,540	26.19	40,332.60
6	3	Hamilton Beach Butter up popper	2,282	14.78	33,727.96
7	7	Hamilton Beach Fry All	1,439	15.79	22,721.81
8	—	Wear-Ever Kabob-It	480	39.18	18,806.40
9	—	Sunbeam Great Amer Popcrn Mchine II	468	27.79	13,005.72
10	—	West Bend 4-qt Buttr Matic ppcrn mker	720	12.68	9,129.60
11	—	Waring Ice Cream Parlor	487	17.66	8,600.42
12	11	Toastmaster Mini Griddle	315	23.78	7,490.70
13	—	Norelco Lickety Split	525	11.88	6,237.00
14	14	Presto Grand Pappy	184	29.73	5,470.32
15	9	Sunbeam Great Amer Popcrn Machine	121	20.86	2,524.06
		TOTALS	35,611		879,109.75
FOOD PROCESSORS					
1	1	Sunbeam Le Chef	397	108.85	43,213.45
2	3	Oster Kitchen Center, almond	272	150.08	40,821.76
3	2	Hamilton Beach Cuisine Machine	334	61.13	20,417.42
4	—	Hamilton Beach 6-sp food processor	168	59.13	9,933.84
5	—	Hamilton Beach 2-sp food processor	100	47.03	4,703.00
		TOTALS	1,271		118,789.47
SLOW COOKERS					
1	2	Rival 3½-qt removable liner	3,929	21.59	84,827.11
2	3	Rival 3½-qt almond	6,140	13.13	80,618.20
3	1	Rival 5-qt removable liner, beige	2,507	26.35	66,059.45
4	—	Rival 5-qt removable liner, avocado	1,452	22.28	32,350.56
5	5	Rival 3½-qt, flame	913	12.85	11,732.05
6	4	Van Wyck 6-qt removable liner	635	17.91	11,372.85
7	6	Rival 1-qt Crockette	679	11.58	7,862.82
		TOTALS	16,255		294,823.04

[Editor's note: The Nickman electrics PMA doesn't track General Electric products as GE doesn't deal with independent distributors.]

Discount Store News

PMA

7th Annual Product Movement Audit

Curling Wands

(Continued from page 32)

more turns. The reason was the upsurge in consumer demand for toaster-ovens, an item not tracked in the PMA, as these multifunction appliances provide a variety of cooking features at about the same cost as a high-end four-slice toaster. The price competition between toasters and toaster-ovens has been heightened by the rebates offered for toaster-ovens, which have brought down their final price even closer to that of toasters.

Sharp pricing of toaster-ovens is expected to continue this year as manufacturers position this older appliance as the lead-in to the newer electronic-control toaster-ovens and models with a broiler feature.

Sales Down

Stand mixers were the only other electric tracked that had declines in unit and dollar movement. The continued weakness of this product reflects the impact of food processors on the under-$100 mixer market. Higher-priced stand mixers, which aren't extensively carried by discounters, have managed to retain their appeal as specialty gourmet appliances.

The other small electrics showed increased unit and dollar movement as manufacturers and retailers were able to raise prices without any impact on unit movement for these staples. The steady all-year demand for slow cookers, hand mixers, can openers and irons has enabled discounters to develop the tight sku assortment that produces the highest return on investment.

These basics generate higher profits even on promotions, so that they are regularly used to balance out other small appliances that are featured at very sharp prices in ads.

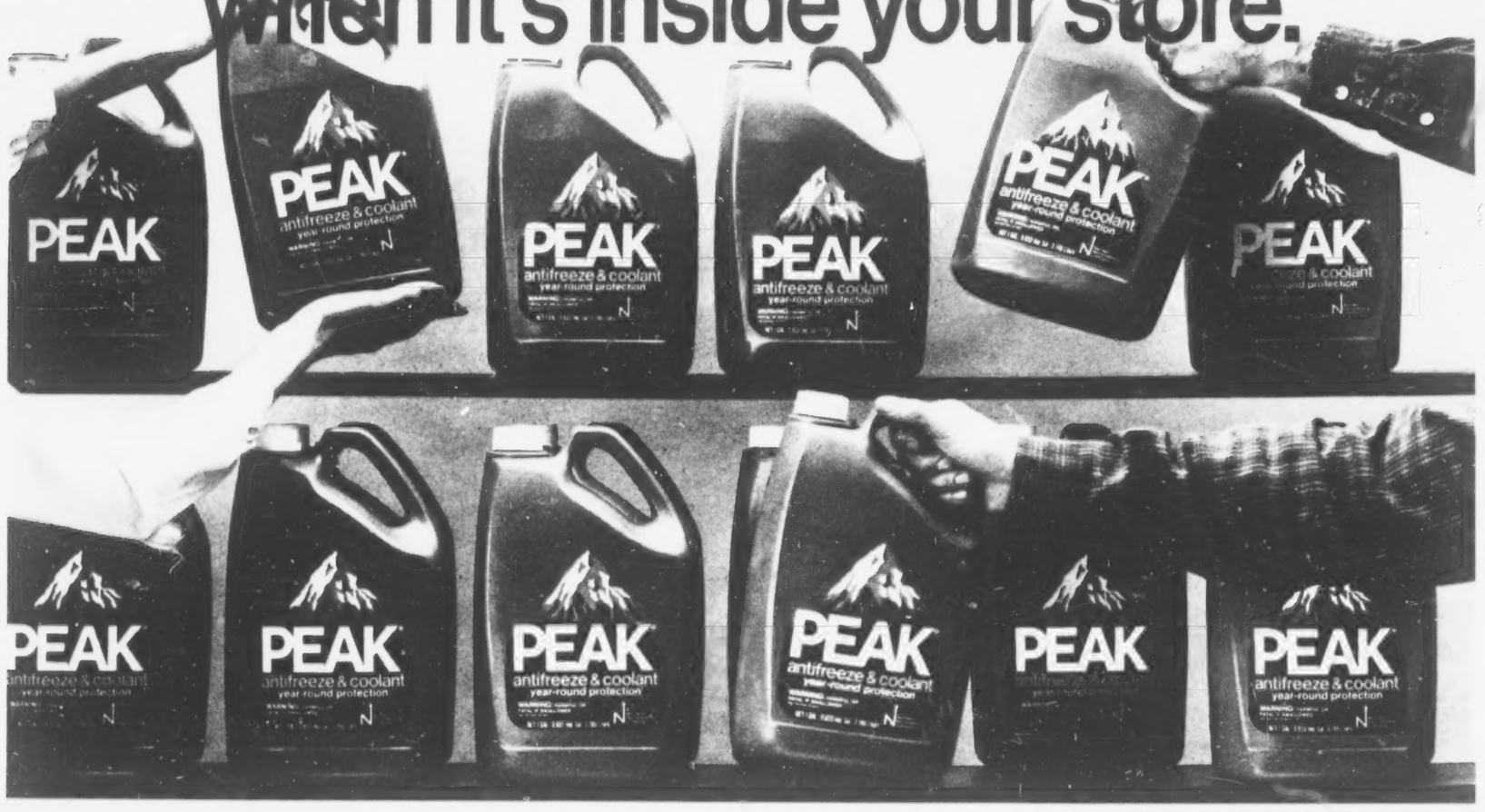
Hawaii Pay Less Sold To UBM

AIKAHI PARK, Hawaii—Union Building Materials, a Honolulu-based lumber and hardware, wholesale/retail company, has acquired the remaining 15-year lease on the former 15,000-sq.-ft. Pay Less store in the Aikahi Park Shopping Center here. The transaction reportedly cost about $250,000.

UBM has retained about 80% of the Pay Less merchandise, which will be for sale in the UBM store, along with its lumber and hardware lines.

This follows the earlier sale of seven Pay Less stores on Hawaii to Pay 'n Save. Pay 'n Save paid $9 million in cash for the seven Hawaiian Pay Less units, lease rights to a new Pay Less store under construction in Hawaii Kai, and two northern California Pay Less units, one in Lodi and the other in Yuba City.

Memorial Day traffic isn't so bad when it's inside your store.



And that's where PEAK plans to put it with our Memorial Day Specials.

PEAK has a celebration in store for you and your customers. We call it our Memorial Day Specials.

We're offering a very important manufacturer's refund for you to display in your store. It's worth up to $3 to your customers. That includes a refund of up to $2 on two gallons of PEAK® antifreeze & coolant plus an additional $1 off any other PEAK product.* Your customers simply mail the coupon along with proof-of-purchase to PEAK.

It's a super value for your customers, and a traffic-builder for you!

There's more, too! PEAK will give you a free ad in May or June, if you feature PEAK™ Rust Guard Lubricant, PEAK® Cooling System Flush, PEAK® Cooling System Protector, or PEAK® Cooling System Sealer. Contact your PEAK representative for details, and for information about our display allowance.

Memorial Day is coming, and PEAK is doing a lot to make it special for you.

*Excluding PEAK™ fuel system drier & antifreeze.

REACH FOR THE PEAK.

Northern Petrochemical Company

Discount Store News

PMA

7th Annual Product Movement Audit

Hardware Biz Outlook Still On Soft Side

The sour economy of 1980 took its toll on hardware sales, according to the recent Product Movement Audit figures supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio.

Price increases and a discounter push for increased store and inventory productivity cut into sales. Even where there were bright spots—adequate supplies of traffic-producing Black & Decker power tools—the end results were trade-offs: serious sales drops in other power tools that discounters had tapped in earlier years to fill in for supply shortages from the industry's leader.

Other signs of hard times: The resurgence of promotional hand tools and the introduction of a "void-filling" line of middle-priced hand tools as a step between the low- and high-end items which, after 1980 price hikes, are now crossing the critical $10 point. Both trends are expected to gather steam in 1981.

Also apparent from the 1980 PMA figures: Energy items are losing ground. "Our ordering season now ends in November

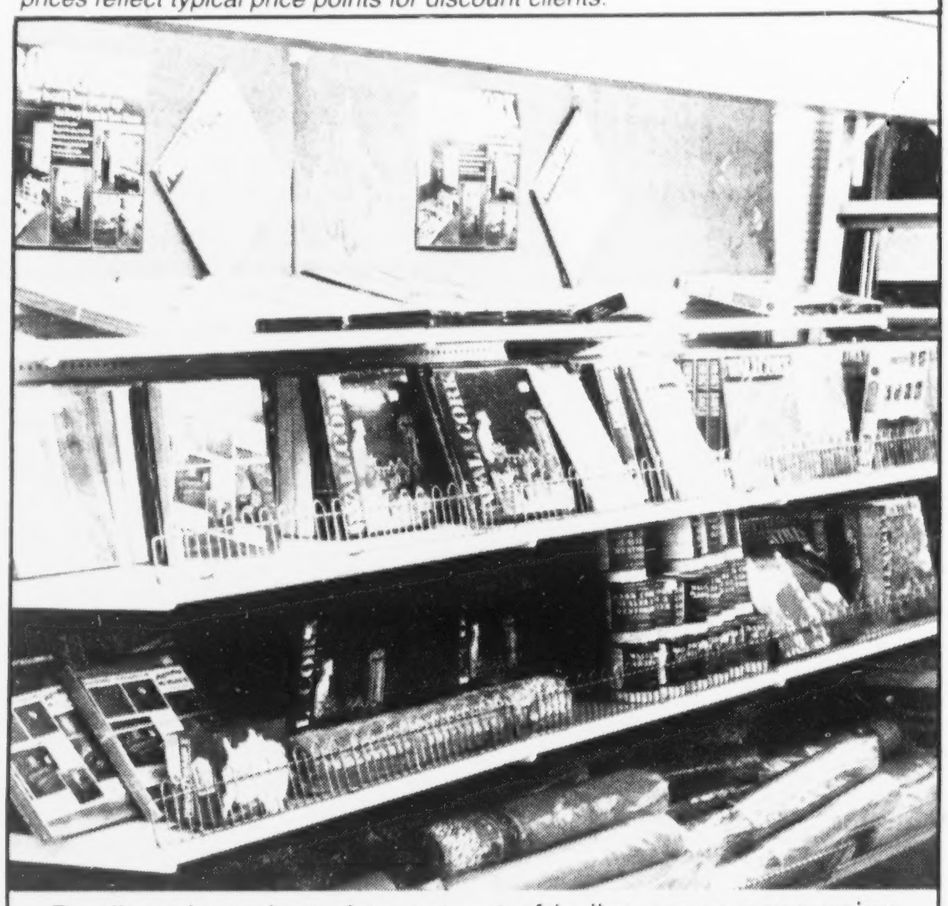
(Continued on page 36)

HARDWARE

These hardware figures, for the calendar year 1980, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores, including 480 discount department stores, in 35 states. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
HARDWARE					
1	1	LW5 Yale Entrance Lockset boxed	22,576	11.53	260,301.28
2	2	LW1 Yale Entrance Lockset Boxed	17,958	11.53	207,055.74
3	3	1500D Master Padlock Comb	38,502	2.92	112,425.84
4	4	105C SB Stormking Door Closer	19,558	4.98	97,398.84
5	8	1-1 Galv S City Rural Mail Box	11,683	5.10	59,583.30
6	—	SK 85 Sec Adjustable Door Close	10,620	4.63	49,170.60
7	12	V80 Yale Tumbler-Spring Catch	5,599	8.59	48,095.41
8	9	SK600 Security Knob Latch Clos	8,680	5.23	45,396.40
9	—	V3211A US3 Single Deadbolt	2,723	14.70	40,028.10
10	10	SK950 Sec Pushbutton Latch set	6,670	5.99	39,953.30
11	15	V3221A US 3 Yale Dbl Deadbolt	1,837	21.62	39,715.94
12	11	500D Master Padlock Warded	17,928	2.12	38,007.36
13	20	SK125 Sec Adjust Hyd Door Clos	5,170	6.38	32,984.60
14	17	A 800CG Taylor Night Latch	6,274	5.17	32,436.58
LAWN & GARDEN					
1	—	5400 F125 A BILT 1 2 x 50 all vnyl hs	41,552	2.79	115,930.08
2	—	51225 Toro trimmer weeder 900	4,043	28.17	113,891.31
3	12	58-P Keller Leaf Lawn rakes 22T	31,392	2.52	79,107.84
4	—	1650-50 Color 5s AST colors hose	6,404	11.06	70,828.24
5	8	SL22 Tempr springback leaf rake	10,224	6.85	70,034.40
6	—	301-301 Amcor Electric Bug Killer	1,656	41.45	68,641.20
7	—	1351 Raid Wasp & Hornet Killer	14,268	4.17	59,497.56
8	—	3968 Ortho Weed-B-Gone Qt	9,684	6.14	59,459.76
9	—	1692 Raid Crack crevice 16 oz	16,260	3.56	57,885.60
10	16	1671 Raid House & Garden Bug Killer	17,244	3.20	55,180.80
11	14	SB14 Temper bow rake	8,904	6.14	54,670.56
12	17	SD 12 Cardinal Garden Glove 12 oz	279	192.09	53,593.11

(Continued on page 36)



Bradlees has elected to get out of bulky, space-consuming building materials in favor of faster turning hardware and decorative home improvement products. *(DSN photo)*

Feb. Sales Rise 10.1% at Venture

ST. LOUIS—Sales for Venture Stores rose 10.1% to $31.6 million for the four-week period ended Feb 28. Same-unit sales also rose 10.1% during the period.

Sales for the May Co., Venture's parent, rose 7.8% during the same period over last year.

Woolworth Feb. Sales Up 0.3%

NEW YORK—F. W. Woolworth Co. reported consolidated sales for the four weeks ended Feb. 24 totaled $417,402,000, an increase of 0.3% over the same period in 1980.

Domestic sales for the same period increased 1.5% while foreign sales in U.S. dollars decreased 1.9%, due to a decline in value of the German mark and the Canadian dollar.

Murphy's Volume Up 12.9% in Feb.

McKEESPORT, Pa.—G. C. Murphy Co. reported sales of $48,907,000 for the four-week period ended Feb. 26, up 12.9% from the corresponding period in 1980. Figures were for 103 Murphy's Marts and 343 variety stores as compared with 99 Murphy's Marts and 368 variety stores during that period in 1980.

The all purpose caulk sells itself.

POLYSEAMSEAL

All Purpose Adhesive/Caulk

Seals like caulk. Sticks like glue.

Hard-hittin header shouts all purpose. Convinces customers Polyseamseal is the right caulk for almost any job.

Actual applications on real materials make the all purpose caulk easy to understand, easy to buy.

Bold, graphic package sells Polyseamseal as a caulk and an adhesive.

FREE! "How To" booklet shows dozens of uses for Polyseamseal. Builds repeat sales.

More profit per square foot with the fastest moving caulk on the floor. Tough, compact merchandiser is just 18 inches wide x 61 inches high x 12 inches deep. Displays clear, white and 4 popular colors.

National Advertising, Total Merchandising & Co-op Programs, Seasonal Promos. Call your Polyseamseal distributor or Darworth (203) 677-7721 today.

Polyseamseal All Purpose Adhesive Caulk

Darworth
AVON, CONNECTICUT 06001

© 1980 Enough Rockford Industries, Inc.

HARDWARE

Caldor carved a brush and applicator "mini-department" out of wall space in the paint department in its Woonsocket, R.I., store. *(DSN photo)*

(Continued from page 33)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		PAINT			
1	—	0013 Formby 320 Z Furniture refinish	6,822	8.32	56,759.04
2	1	1501 Borden Krylon gloss wht 13 oz	20,454	2.23	45,612.42
3	—	0032 Formby Intro to refinishings	3,048	9.86	30,053.28
4	2	1601 Borden Krylon Gloss Blk 13 oz	14,424	2.08	30,001.92
5	4	2766 7792 13 oz Rust gloss white	8,959	2.67	23,920.53
6	6	634 7779 13 oz Rust gloss black	8,064	2.67	21,530.88
7	3	1613 Borden Krylon semiflat black	10,308	2.08	21,440.64
8	5	2766 7792 qt Rust gloss white	4,476	4.61	20,634.36
9	—	NTTC NY Bronze chrome spray pt	10,452	1.91	19,963.32
10	—	0066 Formby 8-oz tung oil hi gloss	7,356	2.55	18,757.80
11	9	88 Defthane Clr Polyurethane glss gl	1,140	16.03	18,274.20
12	—	0010 Formby 16-oz furniture rfnshng	4,308	4.22	18,179.76
13	20	634 7779 qt Rust gloss black	3,858	4.61	17,785.38
14	5	1502 Borden Krylon flat wht 13 oz	8,460	2.08	17,596.80
15	—	0011 Formby 64-oz furniture refinish	1,344	12.67	17,028.48
		PAINT SUNDRIES			
1	1	40011 WD-40 Rust preventive 9 oz	121,524	2.00	243,048.00
2	2	LN601S Macco liquid nail adhesive	91,956	1.30	119,542.80
3	—	938-Tap-90 EZ 3-pc paint set	36,888	2.36	87,055.68
4	4	40015 WD40 Mult-use lub 12 oz	34,548	2.47	85,333.56
5	9	200BX Krazy glue 0.07 fl oz	56,309	1.09	61,376.81
6	—	LC130 White Macco Acrylic Ltx caulk	34,440	1.73	59,581.20
7	—	584 PK1 MK-410 Mskng Tp ¾ x 4 oil	120,288	0.46	55,332.48
8	12	01103 Savo Pt remover pst stryp gal	5,688	9.56	54,377.28
9	—	Shur-calk penco wht caulk compound	95,070	0.53	50,387.10
10	14	GE2561 372 GE white tub seal 3 oz	22,400	2.19	49,056.00
11	—	G322-40-73 EZ 4 in promo brush	17,760	2.73	48,484.80
12	5	101 B Viking caulking gun	28,440	1.58	44,935.20
13	15	E701 Borden Carpenter wd glue 8 oz	30,264	1.48	44,790.72
14	—	01102 Savo pt remvr paste strypee qt	13,776	3.17	43,669.92
15	3	1304S G104-AO-73 EZ 4-pc brush set	25,307	1.69	42,768.83

(Continued on page 41)

THE BIG BARGAIN IN HOME PLUMBING INSTALLATION KITS

The Low Cost Way to Install
Sinks • Vanities • Toilets • Ballcocks • Faucets

A Kit for All Reasons . . . paving the way to easier, bigger unit, home modernization sales. Everything your Do-It-Yourselfer needs to install a Sink, Vanity, Faucet or Toilet comes complete in each Kit. We've even included our innovative No Tool leakproof fitting to complete a Plumbing Connection without using tools!

Bold visual packaging instantly tells customers which Kit to select, with step-by-step illustrated installation instructions on package back. Now, by merchandising and displaying these Bargain priced Kits with your Sinks, Vanities, Faucets, and Toilets, you'll encourage easier and more profitable tie-in sales!

The Plumbing Connection is now easier than ever. Write for full details!

Quality IS the difference
KEYSTONE
Brass & Rubber Company
Fort Washington, PA 19034

Discount Store News

PMA

7th Annual Product Movement Audit

Hardware Biz Outlook Soft

(Continued from page 33)

and our customers cut off at Thanksgiving," reported a Stem buyer. "In the past they were ordering through December." The warmer winters of the past few years are partly to blame, but he wondered if consumers weren't finally tiring of energy-saving campaigns.

Otherwise, drops in ranking on the PMA were the result of discounters re-allocating ad dollars and putting other "non-market saturated" items on sale.

Overall, the sales outlook for the near future is on the soft side.

Black & Decker: Product availability problems eased considerably in 1980 compared to those that plagued both retailers and distributors alike in 1979. For Stem, that easier supply led to a sales increase of 25%, according to buyer Wayne Dixon, who also admitted he had to "manipulate" orders—play lead times out to a year in some cases—to make sure he got the goods.

These sales increases occurred in a year that also saw the Towson, Md., manufacturer pass three price increases along to its customers, totaling 12%.

(Continued on page 41)

Newspaper Ads Increase in 1980

NEW YORK—Overall newspaper advertising expenditures increased 7.1% in 1980 to $15.5 billion, according to preliminary estimates by the Newspaper Advertising Bureau.

By classification, retail advertising was up 9.4% over the previous one-year period to $8.5 billion; national advertising increased 12.7% to $2.3 billion and classified rose 0.7% to $4.6 billion.

The Bureau bases its estimates of newspaper advertising on measurement by Media Records Inc., in its 64 index cities, plus other data.

Heck's Sales Up 9.8% For Year

CHARLESTON, W. Va.—Heck's reported sales for the fiscal year ended Dec. 31 rose 9.8% to $432,341,800 from $393,857,000 in calendar 1979.

Net income for the 1980 fiscal year was $15,468,900, or 3.58% of sales, after the chain's LIFO reserve was increased 64% to $10.4 million from $6.3 million at the end of 1979.

Heck's 86 discount department stores "led the gains," according to board chairman Fred Haddad, who also said the chain's 176 Shoe-Town stores had a good year.

During 1980, Heck's opened 11 new Heck's discount department stores.

Discount Store News

PIMA

7th Annual Product Movement Audit

Hardware Biz

(Continued from page 36)

Stronger sales at the higher end were in some evidence but Dixon attributed those trade-ups to Black & Decker rather than to consumer preference: "B&D did no advertising on its traffic builders this year. All of its advertising was on its higher-priced tools, and that influenced customers as much as anything."

Best sellers this past year were the #7127 ⅜-in. variable speed reversible drill, the #7308 7¼-in. circular saw and the 70-003 single-height Workmate. One surprise was the ranking of the 7004 ¼-in. drill which placed 13th because of supply problems.

Power tools: The strength of the B&D sales, however, took a toll on the other power tools Stem carried—their sales dropped nearly 20% in 1980.

"Retailers who were able to get B&D products in 1980 were just not willing to pick up the price points of the other manufacturers' lines," reported Stem's power tool buyer Walt Krokel. "In other years, customers bought from Wen or Skil when they couldn't get B&D."

(Continued on page 42)

Executive Changes

Lynch Hamilton

Venture Stores, a division of May Department Stores, has appointed **MICHAEL R. LYNCH** senior vice president, director of stores. He will report directly to **THOMAS HAYS**, president. Lynch joined Venture in 1969 as an assistant store manager, and moving through the ranks was named vice president, district manager, Chicago, in 1976. In February 1979, Lynch was named vice president, regional manager, Chicago. Replacing Lynch is **MICHAEL R. HAMILTON**. Hamilton joined Venture in 1973 as an assistant store manager in the St. Louis area. Since then, he has held the positions of store manager, area manager, district manager—Chicago, and most recently district manager—Kansas City.

JERRY JUSZAK has joined Ann & Hope as housewares buyer. In the past, Juszak held housewares buying positions with Zayre and Osco Drug. At Ann & Hope, Juszak will be responsible for lamps, gourmet housewares, better housewares, pictures and mirrors, and furniture.

HARDWARE

Catalogers, too, are responding to consumer demand for better quality and broader assortments in power tools. Display is at Best's Plantation, Fla., showroom. *(DSN photo)*

(Continued from page 36)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		ELECTRICAL			
1	—	SL-IK flor shop lt comp 40W-48	10,117	16.14	163,288.38
2	2	DR600RC Lutron U L rotary dimmer	16,991	4.07	69,153.37
3	—	AP15x Flor U CAB fix w o outlt	6,785	7.07	47,969.95
4	7	T45 Alliance tenna-rotor manua	1,067	42.24	45,070.08
5	5	U100 Alliance tena-rotor automt	777	48.69	37,832.13
6	8	DR600PC Lutr U L dimr push on off	6,854	4.97	34,064.38
7	—	270-75 16/3 R D cord-ext outdoor	2,718	12.32	33,485.76
8	12	3101-100 16/2 rd Cord-ext outdr	2,587	12.04	31,147.48
9	—	XP15OUL Thyrocon photo-cell sockt	5,290	5.65	29,888.50
10	10	P220 Manco 3.4x66 Vinyl elec tape	21,617	1.34	28,966.78
11	—	3354-50 16/3 rd cord-ext outdr	3,406	7.98	27,179.88
12	—	ST24OR S Flo st lit wh 2-40W-48	1,573	17.04	26,803.92
13	9	4170-151-6-812 Clamp-on light	5,396	4.67	25,199.32
14	—	WRM240 Flo Wrap arn fix 2-40W-48	860	28.72	24,699.20
15	6	4465-681.25 Trbl lite mtl guard	3,204	7.66	24,542.64
		BLACK & DECKER			
1	3	7127 ⅜ Drill Var Speed rev	23,888	22.76	543,690.88
2	1	7308 7¼ Circular saw	14,098	36.42	513,449.16
3	—	79-003 Workmate Single hgt	7,972	47.12	375,640.64
4	7	7404 Sander dbl ins	10,246	21.35	218,752.10
5	5	7504 Jig Saw dble insul	16,147	13.32	215,078.04
6	—	71-055 Drill Guide	18,492	11.28	208,025.76
7	6	7104 ⅜ Drill dble insul	10,888	16.80	182,918.40
8	—	9330 Dustbuster	6,116	28.95	177,058.20
9	4	7300 5½ Circular saw	7,370	22.66	167,004.20
10	10	7190 ⅜ Drill v s rev-lock	4,431	31.86	141,171.66
11	—	79-009 Workmate 27" dual ht	1,797	75.32	135,350.04
12	2	79-001 Workmate 29" dual ht	1,414	95.28	134,725.92
13	—	7004 ¼ Drill dble insul	9,630	12.82	123,456.60
14	—	7600 Router ⅝ hp Ball Bearing	3,957	30.32	119,976.24
15	—	79-020 Bench Top Workmate	3,136	37.87	118,760.32

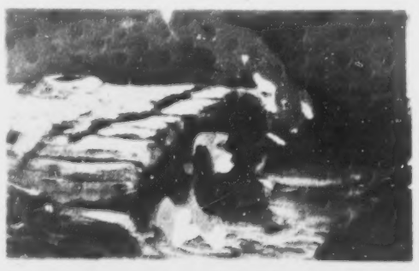
(Continued on page 42)

Disney does it BETTER for BACK TO SCHOOL

The FOX and The HOUND

An all new animated feature as only Disney can do it.

The Fox and The Hound, featuring those lovable new Disney characters. Tod the Fox and Copper the Hound, is certain to be another Disney classic. Released nationally this summer—in the back to school selling period, to generate an all new Disney character merchandising bonanza for you!



A Consumer Sweepstakes Tie In, Too

Another Disney "First" to build traffic and sales for you.

For the first time ever, your customers will have a chance to win an expense paid trip for two adults and one child to WALT DISNEY WORLD. 25 lucky winners in all—PLUS—hundreds of other exciting prizes!

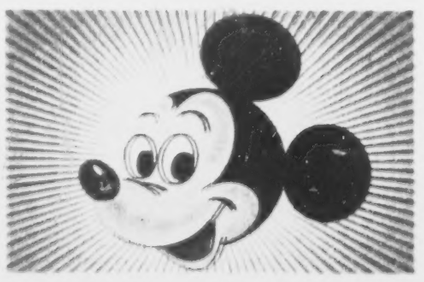
Tied-in with the release of **The Fox and The Hound**, complete with colorful traffic-building point of sale material—to make your third quarter Disney character merchandise sales the biggest and best ever!

Disney Does It all—for you.

Find out how you can do it BIGGER and BETTER with Disney. Put Mouse Power PLUS to work for you in the Third Quarter.

For more details on The Fox and The Hound consumer sweepstakes tie-in and POS material, contact:

Walt Disney Productions
Character Merchandising Division
477 Madison Avenue
New York, N.Y. 10022
Tel.: (212) 593-8900



Disney Does It all for you ...with

MOUSE POWER PLUS

©1981 Walt Disney Productions

Discount Store News

PMA

7th Annual
Product Movement Audit

Hardware Biz

(Continued from page 41)

The rush back to B&D wasn't all that hurt the other power tools. Skil's #2002 ⅜-in. cordless drill lost ground to the company's 2003 Quick Charge cordless. The #2002 dropped from first place in 1979 to fourth in 1980, and Krekel expected it to fall further. "The Quick Charge is rechargeable in four hours, as compared to 16 hours for the #2002," he explained.

Chainsaw sales, too, suffered a decline, the result of slackening consumer interest in the category.

For example, the 10-in. Wen electric chainsaw unit's sales dropped by almost half to 800 pieces, although Krekel qualified the decline: "It wasn't because it was Wen but because it was a 10-in. model. Consumers are interested in 12-in., 14-in. and 16-in. models today." The buyer added that the distributor was now looking for a national program, and that without words one might consider getting out of the chainsaw business altogether.

One item in the top 15 listing that did not feel the pinch was the McGraw-Edison 5-in. bench grinder. Unit sales in 1980 were 1,415 compared to 1,550 in 1979.

(Continued on page 43)

Executive Changes

LOWELL CABIN, vice president and general merchandising manager of Mr. Wiggs Department Stores, has announced the following staff promotions: **ANDY LOMBARDO,** formerly assistant buyer in housewares and appliances, is now associate buyer of stationery, cosmetics, hair care and tobacco. **CHRIS PROTOPAPAS,** formerly assistant buyer of health and beauty aids, cosmetics, hair care and tobacco, is now associate buyer of jewelry, electronics and camera. **PAUL BERK,** buyer of lawn and garden and toys, is now also buying all electronic games.

Cashman

Family Dollar Stores Inc. has promoted **DONALD CASHMAN** to regional director, store operations. During his two years at Family Dollar, he served as district manager in the Bristol, Tenn., and Hickory, N.C., areas.

CLIFF HILL has been named to the new position of vice president, merchandise presentation, of Target Stores. He was formerly director, merchandise presentation. He continues to report to **CHARLES J. MILLER,** senior vice president, strategic planning and promotion. Hill joined Target in 1974 as regional merchandiser.

HARDWARE

(Continued from page 41)

POWER TOOLS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	943 Wen 7" sndr plshr	3,389	44.10	149,454.90
2	3	8200PK Wllr 100 140X sldr gn	4,876	18.65	90,937.40
3	—	PRI 9/919 Wen 3" blt snd dblin	1,289	45.75	58,971.75
4	1	2002 Skil ⅜ crdlss drill	1,394	41.36	57,655.84
5	—	T6742-16 McGraw-Ed ½ drll prss	571	88.55	50,562.05
6	11	T6601-16 McGraw-Ed 5" bnch grnd	1,415	36.05	51,010.75
7		T6741-16 McGraw-Ed ⅜ drll prss	650	69.28	45,032.00
8	6	2000 Wen 10" elctrc chn sw	800	44.92	35,936.00
9	—	1614 Partner 14" gs chn sw	217	161.27	34,995.59
10	—	1616 Partner 16" gs chn sw	181	170.23	30,811.63
11	8	599 Skil ⅜ var rev extr tl	470	61.96	29,121.20
12	20	16 L25 Lenk 2.5W sldrng gn	5,484	4.96	27,200.64
13	—	203 USM elctrc gl gn	3,266	7.73	25,246.18
14	—	WP745 Skil 7¼ plywd bld	11,530	2.17	25,020.10
15	10	574 Skil 7¼ 1¾ hp crclr sw	606	39.08	23,682.48

PLUMBING

1	1	88 TM Wht Al Am wd tlt st	11,228	6.62	74,329.36
2	3	560 U-PLM tl tnk rpr kt	12,708	5.18	65,827.44
3	4	PC3600 Fl Cst irn pmp-pdstl	851	70.76	50,216.76
4	8	SM3000 Fl Plst pmp-sbmrsbl	516	97.30	50,206.80
5	16	2125 Kystn prtbl add-a-shwr	2,598	18.34	47,647.32
6	2	PM3600 Fl plstc pmp-pdstl	753	62.33	46,934.49
7	5	B600 Manco dct tp 2" x 60 yd	9,549	4.65	44,402.85
8	7	S1300 Fltc smp pmp-sbmrsbl	848	50.74	43,027.52
9	—	SC3000 Fl cst iron pmp-sbmrsbl	367	105.69	38,788.23
10	9	FRD60 Manco fr-grd dct tp	7,874	4.10	32,283.40
11	10	5102 Masco mstr plmbr qt	23,436	1.25	29,295.00
12	18	DMP21HK Flotec drll pmp	4,774	5.46	26,161.52
13	12	760 U-PLM P-Trp 1¼ bthrm	4,566	5.27	24,062.82
14	13	PB3600 Flo Brnz pmp-pdstl	222	102.62	22,781.64
15	11	767 U-Plum J-Bnd 1½ chrm	5,838	3.85	22,476.30

(Continued on page 43)

Jefferson, Fort Myers, Fla., is capitalizing on the growing consumer preference for doing home repairs themselves with plastic and aluminum plumbing products. *(DSN photo)*

PREFERRED STOCK.

When it comes to products that seal, fill, stick and patch, America counts on DAP.

Matter of fact, when it comes to caulk, DAP is America's Number One brand.

So, it only makes sense to take advantage of this built-in acceptance and stock the full line of premium DAP products.

Including Kwik-Seal, America's biggest-selling tub and tile caulk. It's the flexible, non-yellowing, multi-purpose caulk that professionals as well as home handymen use all over the house.

And best-selling DAP Acrylic Latex, the easy-gunning, quick-drying caulk in the new UPC and color-coded package. Available in white and six popular colors.

There are dozens of other popular and profitable do-it-yourself favorites, too. From top-selling DAP Vinyl Paste Spackling, asbestos-free DAP '33' Glazing Compound, tenacious DAP Panel and Drywall Adhesive, and long-lasting DAP Butyl Gutter and Lap Sealer. To easy-to-use Duratite Wood Dough and super-tough Butyl-Flex butyl rubber caulk.

High Interest.

But, even though DAP is the best recognized name in caulks, we don't just rely on word of mouth to build business and generate repeat sales for you.

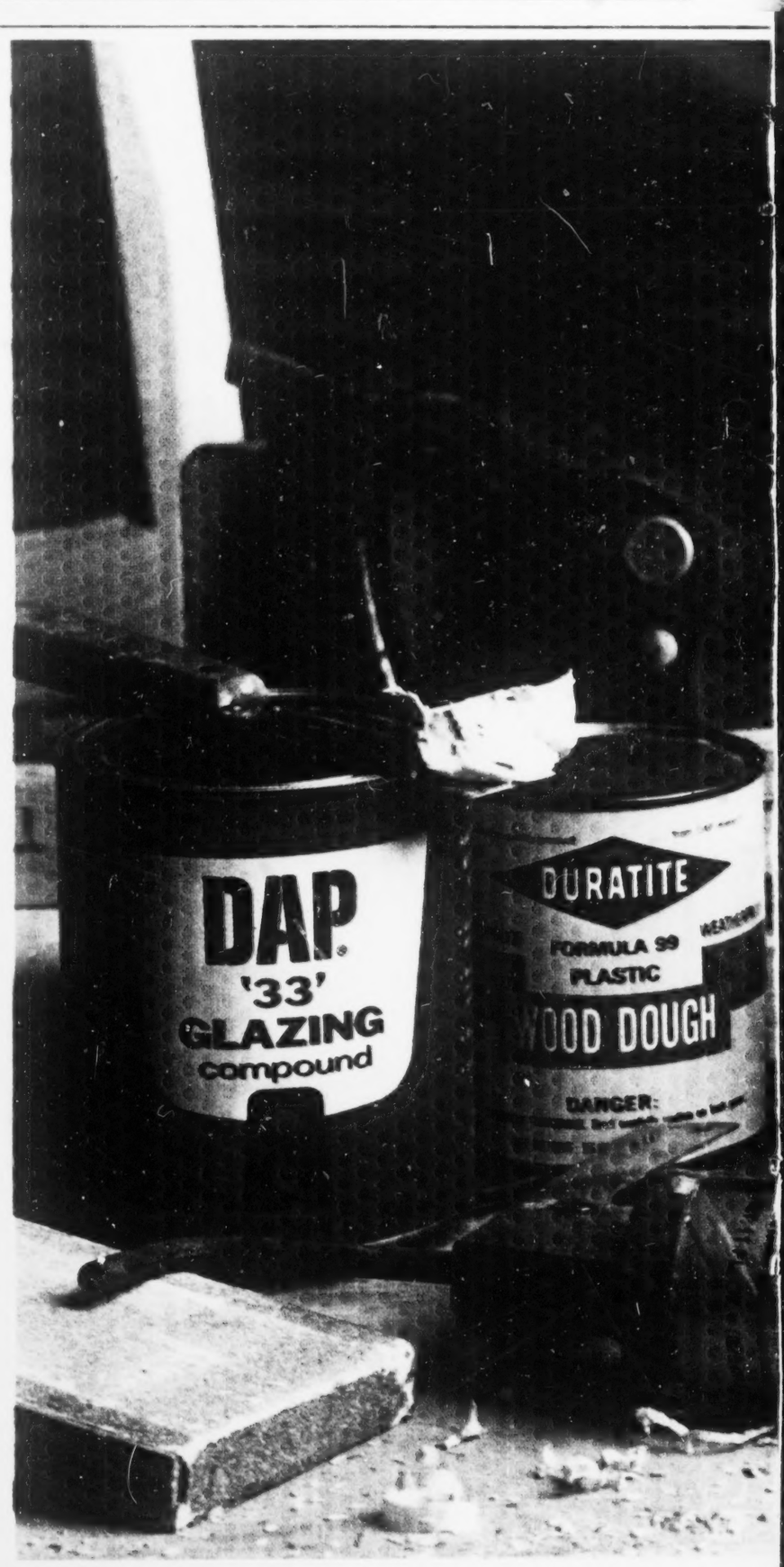
That's why this year's advertising blitz is going to be even bigger and more far-reaching than last year's record-setting effort.

There'll be more TV impact, more consumer ads in more magazines.

All driving home the DAP name. And steering customers to you.

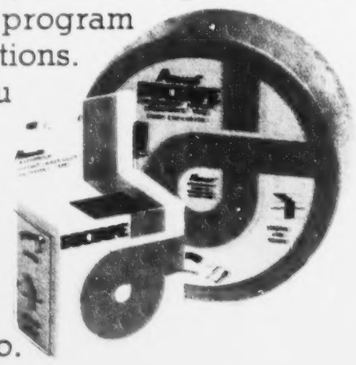
Big dividends: Arno Tape.

What else is in store for you this year? An exciting collection of new products with proven



appeal. Including versatile, stick-to-anything Arno Ductape, the granddaddy of all duct tapes, in handsome header boxes or convenient shrink-wrap packages.

To top it all off, you'll also get a broader selection of high-impulse, self-selling floor and counter displays. And a program of profit-boosting promotions. It's all geared to help you cash in on the boom in do-it-yourself business.

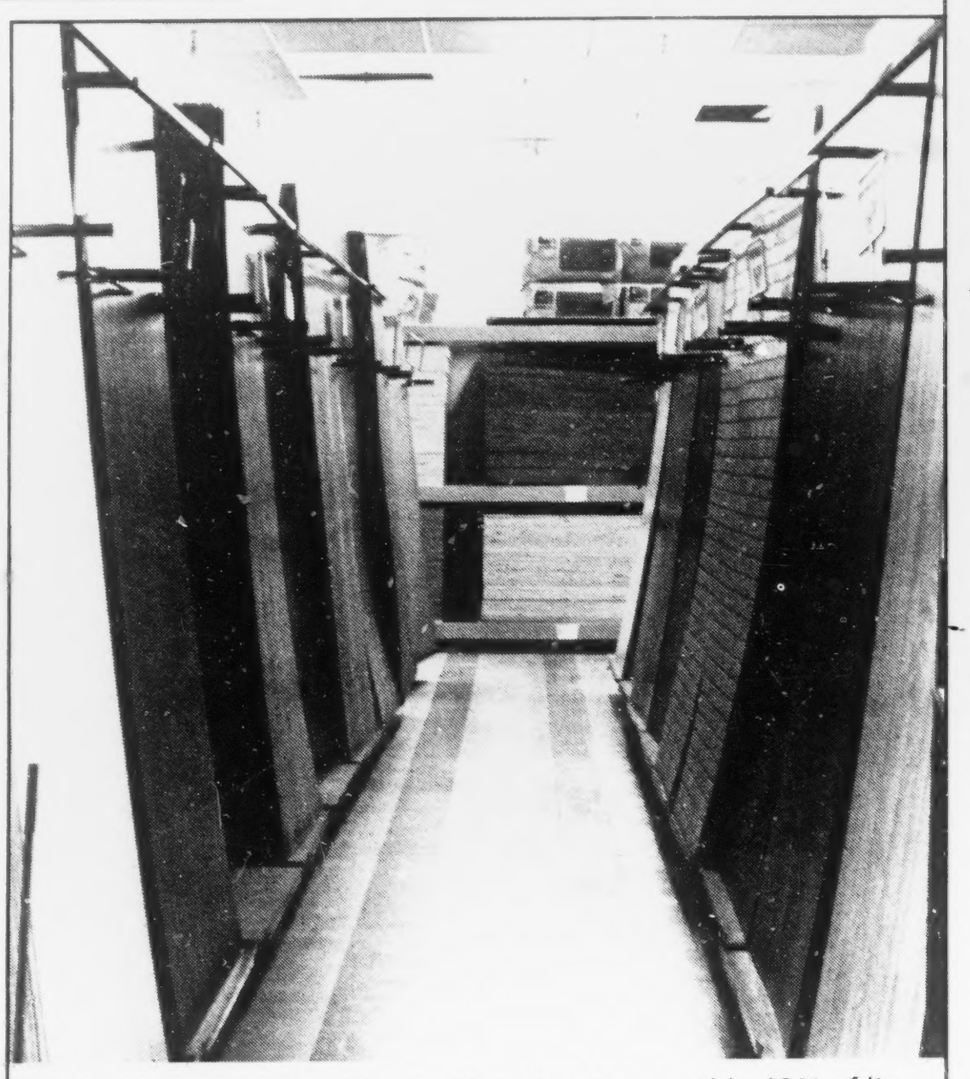


So, since our stock is growing every day with your customers, you should make sure your DAP stock does, too.

HARDWARE

(Continued from page 42)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
HAND TOOLS					
1	1	TX9 Bernz Fuel Cyl	77,495	2.47	191,412.65
2	2	T50 Arrow staple gun chrome	13,124	14.49	190,166.76
3	3	UL100 Bernz propane blow torch	14,232	9.42	134,065.44
4	5	385-55-3 Ajax home rvt tl	12,850	7.79	100,101.50
5	—	91-510 Easco 70 pc 1/4 3/8 sckt sst	1,880	49.18	92,458.40
6	4	JT25 Bernz blw trch kt pistc bx	4,303	21.22	91,309.66
7	6	PL316 Stan 16' pwrlk tp	10,668	8.51	90,784.68
8	17	ET50 Arrow electric stpl gn	3,683	23.46	86,403.18
9	7	PL425 Stanley tp 25' pwrlk	7,812	10.53	82,260.36
10	—	OX-2500 Bernz tote trch kt	2,318	32.99	76,470.82
11	8	PL320 Stan 20' pwrlk tp	8,260	9.12	75,331.20
12	—	85-614 Stanley mtr bx w sw	3,676	18.34	67,417.84
13	13	99 Stan utility knf	26,694	2.51	67,001.94
14	—	215G Petersen 5 wr 10 wr gft st	6,215	10.13	62,957.95
15	—	PL12 Stan 12' pwrlk tp	9,126	5.54	50,558.04
HOME IMPROVEMENT					
1		G2420 Garbage bag HD 26 gal 20 cn	125,048	2.24	280,107.52
2		730 Perfection portable heater UL	4,466	36.50	163,009.00
3		6' Wood step stepladder special	3,086	23.95	73,909.70
4		WDP-1 Manco wonderstrip wht	17,568	3.66	64,298.88
5		2'x4'x1/8 pegboard	51,400	1.25	64,250.00
6		702 Hoyne clear mirror tile 12 pc	3,688	13.53	49,898.64
7		99VP Deflecto deflector 10"-14"	44,592	1.09	48,605.28
8		5' Wood step stepladder special	2,406	19.85	47,759.10
9		050 17000 Clear vinyl runner 27x125	425	105.47	44,824.75
10		16' aluminum stepladder household	1,218	35.65	43,421.70
11		WDP 2 Manco wonderstrip brn	10,896	3.66	39,879.36
12		SD-2 Manco weatherseal tape 2'x24'	33,833	1.05	35,524.65
13		28x32 Plaskolite 0.100 clear plastic	5,040	6.97	35,128.80
14		24x30 Plaskolite 0.100 clear plastic	6,010	5.65	33,956.50
15		40302-36-1 Peer chain prf 1/4 100 rl	271	124.56	33,755.76



S. E. Nichols, Maple Shade, N.J., devotes roughly 40% of its average 20,000-sq.-ft. home center's space to lumber and building materials. *(DSN photo)*

DAP

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Discount Store News

PMA

7th Annual Product Movement Audit

Hardware Biz

(Continued from page 42)

ELECTRICAL: Dollar sales in the category rose by 8% during 1980 but remained a basics business with few exceptions.

While material (copper and coatings) remained fairly constant over the 12-month period, a change in U.L. (Underwriter's Laboratory) quality control specifications generated a roughly 25% price increase in extension cords, particularly the 6- and 15-ft. lightweight cords. The result was a comparable 25% slowdown in sales, according to Dixon.

Dollar sales in the category rose 8% during the year and the category remained a basics, small-item business with sump pumps the most notable exception. And here, sales depended more on weather than price.

The other most notable difference between last year's PMA and 1979's was the ranking decline suffered by the #4465/681 25-ft. metal guard trouble light which dropped from sixth place in 1979 to 15th in 1980.

"It was replaced by a less costly item—one with a plastic guard," Dixon reported.

AGMC Sets Tour Of K mart Facility

WASHINGTON—A tour of a K mart distribution center will highlight the Association of General Merchandise Chain's conference for traffic and distribution executives April 13-15, at the Calloway Gardens Hotel, Pine Mountain, Ga.

The AGMC Distribution Systems Survey report will be presented by George Carne, K mart's vice president of distribution and traffic.

Retail executives and consultants will discuss topics including warehouse and transportation security, hazardous materials storage, fuel conservation, new concepts in warehouse design, energy conservation for trucking fleets and a 10-year energy outlook.

For registration, contact Victor S. Parra, AGMC director of member services, 202-785-2060.

Danners' Biz Up 9.8% For Year

INDIANAPOLIS—Danners, which operates 29 3D discount stores, 27 variety stores and 20 restaurants, reported a 9.8% rise in sales for the year just ended, to $118,270,000 from $107,685,000 for the previous fiscal year.

Sales in the firm's fourth quarter rose 24.7% from the previous year's fourth quarter.

Three new 3D discount department stores, totaling approximately 130,000 sq. ft., were opened during the year in Portland, Columbus and Rochester, Ind. Another new 3D unit is scheduled to open in mid-May, in Scottsburg, Ind.

Discount Store News

PMA

7th Annual Product Movement Audit

Wax, Functional Accessories Are Ripe For Push

By Herbert Rechter
President, Allied Parts and Accessories Co.

As the annual Product Movement Audit for 1980 reveals, it was not a dynamic sales year for automotive. While there were some items that improved in unit sales over 1979, for the most part the products rankings remained unchanged.

An unusually strong first half covered up the real story—that the market was on a downturn that began last summer and continued for the rest of the year. A slight improvement was visible in the early months of 1981, but it still looks as if 1981 will wind up being a difficult year.

One strategy we are urging upon our discount customers is to become more promotional. Many of the co-op advertising dollars needed for them to take such a step are already there, thanks to manufacturers who are anxious to reduce their own inventories and perk up sagging sales.

Exact figures vary from firm to firm, but some manufacturers are offering to pay up to 150% of the cost of ad space devoted to their product.

Becoming more promotional, however, won't be enough for discounters to counteract the poor economic climate. They will have to be aware of the changes that began to develop in the marketplace toward the end of last year as well as continuing trends that have recently intensified.

For some time chains have been aware that tune-up parts are a dying category. No new cars have been manufactured with standard ignitions since 1974, and there is little chance that rotor caps and other tune-up parts will come back.

More recently, other tune-up related items—air and oil filters, which had traditionally been good sellers—have begun to decline in sales.

The apparent reason for the dropoff is that the number of miles being driven annually is declining due to the high price of gas. Thus, discounters should be diverting inventory and advertising dollars elsewhere.

One area ripe for a heavier push is that of functional accessories. The items generally carry a high margin and despite consumers reducing their driving, their concern over maintenance is increasing.

The current Product Movement Audit reflects the strength of the category: A

(Continued on page 46)

AUTOMOTIVE

These automotive PMA figures, for calendar 1980, were supplied by Allied Accessories and Auto Parts Co., Madison Heights, Mich., and cover 2,000 stores, including 1,700 discount stores, in 33 states. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	2-ton Hydraulic floor jack	10,614	69.99	742,873.86
2	7	Motorcraft oil filter, FL-1a	109,219	3.99	435,783.81
3	2	Heavy duty sealed beams, 6014	111,773	3.29	367,733.17
4	14	Armor-All, 8-oz	103,585	3.29	340,794.65
5	8	DuPont Rain Dance Paste, 14-oz	60,222	5.49	330,618.78
6	5	STP oil treatment, 15-oz	141,042	2.19	308,881.98
7	13	AC oil filter, PF-25	74,552	3.99	297,462.48
8	—	Blue Poly Sealant, 16 oz	20,021	9.99	289,919.79
9	24	Gumout Jet Spray 13 oz	115,413	2.39	275,837.07
10	28	Snowhite Lite 'N' Easy, gal	21,044	12.99	273,361.56
11	11	DuPont Rain Dance Liquid 16 oz	44,869	5.49	246,330.81
12	16	Gumout Carb Cleaner, 16 oz	120,331	1.99	239,458.69
13	21	AC spark plug, R45TS	182,097	1.29	234,905.13
14	26	Pennzoil All-Purpose, 10W30	190,831	1.09	208,005.79
15	30	Armor-All, 16 oz.	29,328	6.99	205,002.72
16	51	Pennzoil Deluxe, 10W40	180,784	1.12	202,478.08
17	32	WD-40 aerosol, 9 oz	89,416	2.19	195,821.04
18	3	Valvoline, 10W40	178,741	1.09	194,827.69
19	—	Casite Spray-Lube, 9 oz	95,332	1.99	189,710.68
20	31	Warco Dot Brake Fluid, 12 oz	125,482	1.49	186,968.18
21	22	Roberk wiper blade refill, RR16	84,119	2.19	184,220.61
22	41	Tam-66 undercoating	79,085	2.29	181,104.65
23	37	Turtle Super hard shell, 14 oz paste	45,169	3.89	175,707.41
24	48	Gunk aerosol	88,195	1.99	175,508.05
25	15	Ramps, pair	7,937	21.99	174,534.63
26	52	Westleys Bleach White	89,984	1.89	170,069.76
27	60	Fix-A-Flat tire inflator	131,297	1.29	169,373.13
28	10	STP gas treatment, 12 oz	78,315	1.99	155,846.85
29	—	Quaker State Super Blend, 10W30	141,711	1.09	154,464.99
30	58	Freon, 14 oz	86,228	1.79	154,348.12
31	36	Warco Dot Brake Fluid, qt	39,618	3.89	154,114.02
32	19	AC spark plug, R44T	117,792	1.29	151,951.68
33	35	Quaker State Deluxe, 10W40	134,505	1.12	150,645.60
34	—	Foot pump with gauge	13,316	10.99	146,342.84
35	—	National All-Purpose, 10W30	190,784	0.74	141,180.16
36	50	Rislone oil alloy, 32 oz	61,290	2.29	140,354.10
37	66	4-ton Hydraulic bottle jack	7,619	17.99	137,065.81
38	—	4000 Heavy duty sealed beams	48,493	2.79	135,295.47
39	17	Coleman air compressor	2,753	47.95	132,006.35
40	23	Delco 8-cyl tune up kit, 101-2	18,796	6.99	131,384.04
41	57	Turtle Zip liquid car wash, 18 oz	56,647	2.29	129,721.63
42	27	G.M. Uniset OEM, 101-1	13,738	8.99	123,504.62
43	53	AC oil filter, PF-30	30,661	3.99	122,337.39
44	43	DuPont Rally, 14 oz	34,883	3.49	121,741.67
45	44	Bars Leak, 15 oz	64,159	1.89	121,260.51
46	39	4652 Square sealed beams, low	23,589	4.99	117,709.11
47	68	3-section Antenna with booster	14,671	7.99	117,221.29
48	—	Motorcraft res plug book	97,582	1.19	116,122.58
49	97	Sandable primer, gray	63,681	1.79	113,988.99
50	40	Roberk wiper blade refill, RR18	51,982	2.19	113,840.58
51	56	Bars Leak, 5½ oz	84,628	1.29	109,170.12
52	93	AC recharge kit freon	15,717	6.89	108,290.13
53	96	G.M. 8 cyl distributor cap	20,409	5.29	107,963.61
54	84	Valvoline Dexron ATF, qt	96,075	1.12	107,604.00
55	—	Thrush muffler, T-4163	6,716	15.99	107,388.84
56	—	AC oil filter, PF-40	26,719	3.99	106,608.81
57	—	Johnson Wax Kit, 12 oz	35,293	2.99	105,526.07
58	—	Armor-All, 4 oz	55,422	1.89	104,747.58
59	90	Snowhite Lite 'N' Easy Kit, qt	24,248	4.28	104,023.92
60	—	Mopar oil filter, L19	26,719	3.89	103,936.91
61	—	Auto bulbs, 2 on a card	116,700	0.89	103,863.00
62	70	6052 Large rectangular sealed beam	12,826	7.99	102,479.74
63	29	5-gal Gas can	11,266	8.99	101,281.34
64	46	20" Wheel wrench	20,869	4.79	99,962.51
65	88	AC oil filters, PF-24	24,608	3.99	98,185.92
66	—	Thrush muffler, T-3163	6,135	15.99	98,098.65
67	—	Armor-All cleaner, 16 oz	42,488	2.29	97,297.52
68	—	Liquid Turtle Wax, 12 oz	34,559	2.79	96,419.61
69	—	AC spark plug, R45TSX	74,734	1.29	96,406.86
70	—	GM 8 cyl tune up kit	23,794	3.99	94,938.06
71	42	Peak antifreeze, gal	18,732	4.99	93,472.68
72	—	2-ton Hydraulic bottle jack	7,766	11.99	93,114.34
73	—	Sandable primer, red	52,002	1.79	93,083.58
74	—	6-ton Hydraulic bottle jack	4,194	21.99	92,226.06
75	—	Yale power steering fluid, 14 oz	61,453	1.49	91,564.97
76	—	DuPont Great Reflect, 16 oz	10,869	8.29	90,104.01

(Continued on page 46)

INTRODUCING THE OIL PROGRAM
THAT LETS YOU TOWER OVER THE COMPETITION.
It's not hard to increase your oil sales. Not when there's a big oil program like Motorcraft's available.
Motorcraft is helping direct accounts lower the cost of buying oil by giving them free Motorcraft FL-1A Oil Filters – or a purchase rebate for qualifying orders of Motorcraft Super Premium 10W-40 or our Premium 20W-40 or 10W-30 Oil now through April 30.
Now, that's a big offer. But it doesn't stop there. Qualifying orders will also earn $1.20 in co-op advertising funds for every case of oil purchased. Merchandising funds for free oil six-packs, fender covers, hats, jackets, specialty advertising items, P.O.P. materials and more are also available. Direct accounts can pass these program benefits on to their customers.
We'll even give you national sales support. From April 15 through June 30, retail customers can get a $1.50 refund direct from Motorcraft on the purchase of 5 quarts of Motorcraft Super Premium or Premium Oil.
Get the upper hand on the competition. Call your participating Motorcraft supplier today.
Motorcraft
...FOR SURE
Motorcraft
FL-1A
Motorcraft
FL-1A

AUTOMOTIVE

Like other discounters, Zodys, Los Angeles, stocks a limited mix of tune-up parts for cars with conventional, but now obsolete, ignitions. *(DSN photo)*

(Continued from page 45)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
77	—	DuPont Great Reflect paste, 14 oz	10,746	8.29	89,084.34
78	76	CD-2 Red Hi, 15 oz	40,604	2.19	88,922.76
79	—	STP Son of a Gun, 8 oz	29,505	2.99	88,219.95
80	74	2 gal Gas can	19,640	4.49	88,183.60
81	65	Roberk wiper blades refill RWB15	40,019	2	87,641.61
82	59	Turtle Wax Extra, 16 oz	15,416	5.5	87,175.44
83	94	D&L hand cleaner	77,328	1.09	84,287.52
84	92	Casite Motor Honey, 14 oz	38,467	2.19	84,242.73
85	—	DuPont car wash, 8 oz	38,177	2.19	83,607.63
86	80	12' Sleeved booster cable	11,459	7.29	83,536.11
87	78	AC oil filter, PF-35	20,896	3.99	83,375.04
88	—	Thrush muffler, T-5163	5,108	15.99	81,676.92
89	—	Wynn carb cleaner, 11 3.4 oz	37,279	2.19	81,641.01
90	83	CD-2 Black Lo, 15 oz	37,000	2.19	81,030.00
91	—	GM combo tuneup kit, TK237	16,182	4.99	80,748.18
92	91	3-section Ball spring	10,696	7.49	80,113.04
93	89	AS400 Brake fluid, 12 oz	44,293	1.79	79,284.47
94	75	AC spark plug, R46S	61,173	1.29	78,913.17
95	38	Scraper squeegee snowbrush	39,395	1.99	78,396.05
96	82	AC spark plug, R46TS	60,437	1.29	77,963.73
97	95	Wynn Spitfire, 15 oz	35,515	2.19	77,777.85
98	—	AC spark plug, R44TS	59,344	1.29	76,553.76
99	—	STP motor oil, 10W50	51,031	1.49	76,036.19
100	—	Casite tuneup, 15 oz	34,146	2.19	74,779.74

Caldor's Sales Up 18.5% For Year

NORWALK, Conn.—Caldor reported an 18.5% sales increase for the year ended Jan. 31, 1981, to $666,543,000 compared with the previous year's $562,647,000.

The company's store base grew 12.5% over the year to a total of 63 stores. It plans to open 8-10 additional stores in 1981.

Fourth-quarter sales rose 19.2% to $236,136,000 from last year's $198,145,000.

If you're looking for a great return on your investment, stock up on Mobil 1™ and Mobil Super 10W-40.

Mobil Super has been reformulated to save gas and is priced competitively with other gas-saving oils.

And Mobil 1 offers you five times the profit of other oils.

Mobil 1 and Mobil Super 10W-40. They're a great investment for you and your customer.

Mobil has a 75/25 co-op program that reimburses you at National Line Rates. Our local account executive will be glad to answer any questions, or write to Mr. R. W. Downing, Manager Lubricants, Mobil Oil Corporation, 3225 Gallows Road, Fairfax, VA 22037 or call him collect at (703) 849-4949.

Take a tip from Mobil. Put your money in silver and gold.

From Mobil. Two oils that save gas.

There's a lot of green in silver and gold.

Super April-May Promotion
$2 per case Co-op allowance for Mobil 1.®
$1 per case Co-op allowance for Mobil Premium motor oils.

Discount Store News

PMA

7th Annual Product Movement Audit

Wax, Functional Accessories Ripe

(Continued from page 45)

two-ton jack, carrying a suggested retail price of $69.99, remained the greatest dollar producer in 1980.

A four-ton hydraulic jack moved up from No. 66 to No. 34. Two other bottle jacks that never made it to the top 100 list did so this time.

Jacks weren't the only functional accessory to do well. A foot pump with gauge retailing for an average price of $10.99 made the top 100 for the first time and many chains reported featuring it on endcaps.

Polishes and waxes are also ripe for a big push, even though sales were somewhat disappointing during 1980. A battle for market supremacy is brewing among manufacturers.

A battle is already underway between DuPont and the poly wax manufacturers with DuPont claiming that Rain Dance is equal to any of the polys.

Unfortunately for DuPont, its price is almost equal to that of the poly waxes, and many people may opt for the poly wax at a slightly higher price just to give it a try. At the start of last year, most polys were over $10 while Rain Dance averaged $5.49. Since then, the Rain Dance price point has gone up 15% and the polys have come down, dramatically narrowing the gap.

Rain Dance outsold Blue Poly by a margin of more than two to one last year (although Blue Poly represented a higher dollar volume at retail). But as the price points equalize, the chances are good that Blue Poly will capture the lead in unit sales and even widen its lead over Rain Dance as a total dollar producer.

Chemicals performed poorly for Allied in 1980, possibly because of the nationwide decrease in driving. Two notable exceptions were Casite Spray Lube and Lite 'N' Easy.

Both did well last year because of heavy manufacturer promotions that continued into 1981. Casite was offering a $1.50 rebate on its 9-oz. bottle, which retailed for an average price of $1.99.

The heavy promotion of Casite brought it into the top 100 list for the first time.

Bill Gains; Eases Discount For Cash

WASHINGTON—A bill recently passed by the House of Representatives, and soon expected to be passed by the Senate and signed into law by President Reagan, would make it easier for retailers to give discounts to customers who pay with cash or checks.

The bill would lift the present 5% maximum on such discounts and remove other restrictions. Under the bill a retailer offering such discounts would have to publicize them by posting signs on cash registers.

Discount Store News

PMA

7th Annual Product Movement Audit

Orders Indicate Better Year For Sporting Goods

Hunting, fishing and camping products—that were highly advertised by discounters during 1980—dominated the annual sporting goods Product Movement Audit, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio.

Lower dollar movement reflected the sluggish sales experienced in the sporting goods category last year, however, and retailers' decisions to curtail promotional activity until late in the year.

Christmas ads helped pump up dollar movement for many of the popular sporting goods items, especially those in the higher price points, and 1981's increased promotional emphasis is expected to reverse last year's poor performance.

Camping equipment fared the best of all PMA items, due to the consumer trend toward inexpensive family vacations. Lanterns, sleeping bags, coolers, cook stoves and tents sold well as inflationary pressures put long-distance travel out of the picture for many consumers.

For similar reasons, consumers chose less-expensive fishing and hunting equipment, such as combination rod and reel sets and low to midpriced firearms. Other sporting goods categories also gained from this at-home (or near-home) trend: lawn and outdoor games and water sport products, for example.

Spalding's Larry Bird and Magic Johnson basketballs ranked sixth and seventh on the PMA, representing dollar movement at retail of $51,003 and $49,304 respectively for Stem during 1980. Much of that movement was attributed to advertising, with 72% of total units ordered on ad for both balls.

Combination rod and reel sets carved out a big percentage of the total fishing gear market, especially among the most promotional items. The ready-to-fish convenience sparked consumer interest, although it was primarily when the item was on sale. The top ranking PMA fishing item—Zebco's 3490 combo (a high-ticket item)—pulled in nearly 50% of its total unit orders on ad. This item ranked fourth among the total PMA products in dollar movement. In response to the popularity of the combo sets, Stem increased its sku's by 15% to 20% for the 1981 season.

Fishing generally did not come out with flying colors when compared to the previous year's performance. Dollar movement of the Zebco 77 Jr. Spincast Rod/Reel dropped 57% and movement of the long-popular Zebco 2490 combo fell 50%.

(Continued on page 48)

SPORTING GOODS

Sporting goods PMA figures, covering the calendar year 1980, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores, including 480 discount stores, in 35 states. Average retail prices reflect typical price points for discount clients.

HUNTING

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	5760 760 Crosman BB 177 Rifle	1,529	36.84	56,328
2	—	TB22 Remington 22LR Ammo Thndrblt	34,600	1.61	55,706
3	5	1377 Crosman Pump Pistol BB 177	1,229	37.79	46,444
4	—	1500 Remington 22 Clb 100 Pk LR Am	9,600	3.71	35,623
5	2	38T Crosman 177 Caliber Gs Rvlvr	755	38.56	29,113
6	—	Yellowdome Remington Cly Trgts	3,962	7.17	28,407
7	—	DP12-6 Remington Shot Shell	3,840	7.39	28,396
8	—	DO12-8 Remington Dove-Load SG Shll	4,580	5.89	26,985
9	—	231 5PD Crosman Powerlt 5-Pr-Bx	12,886	1.97	25,411
10	10	7840 Daisy Pump BB 177 Rifle	965	24.06	23,218
11	—	40 Daisy Giant Pack BB Shot	14,112	1.64	23,144
12	—	880 Daisy BB 177 Pump Rifle	602	37.57	22,617
13	4	1200 Daisy BB 177 Caliber Co-2 Pstl	825	26.29	21,689
14	11	5766 766 Crosman BB 177 Plit Rfl	439	44.31	19,452
15	9	7938 Daisy BB Rifle Red Ryder	662	29.28	19,383
16	—	1722 Remington 22 LR Yllw Jkt H pt	7,800	2.48	19,344
17	—	1022 Remington H S 22 Short	10,600	1.78	18,868
18	8	7095 Daisy BB Rifle Lever-Wood	753	24.58	18,509
19	—	38S5 Remington 38 Special 158 GR	1,456	11.42	16,628
20	—	6122 Remington STD Velocity 22 LR	8,800	1.86	16,386

FISHING

1	—	3490 Zebco Combo 33 Rl w 3366 Rd	1,993	28.00	55,810
2	4	2490 Zebco Combo 600 Rl w 4060 Rd	1,971	16.88	33,270
3	7	1245 Zebco Combo 202 Rl w 2023 Rd	3,346	9.86	32,991
4	11	1545 Zebco Combo 404 Rl w 4040 Rd	2,320	12.96	30,067
5	9	3790 Zebco Combo 808 Rl w 8965 Rd	700	37.29	26,103
6	—	M320 Pfluger Troll Motor 23LB-3Speed	186	134.46	25,009
7	6	77 Zebco Jr Spincast Rd Rl	2,260	8.92	20,159
8	—	1515 Zebco Cmb US 76 4077 Rod Lr	1,357	13.49	18,306
9	1	33CP Zebco Spincast Reel	1,007	16.71	16,827
10	—	630 ON Plano 3-Tray Tackle Box	1,388	10.54	14,630
11	—	202 CP Zebco Spincast Reel	3,098	4.49	13,910
12	—	2795 Zebco Travel-Pack 600 4pc Rod	612	22.25	13,617
13	13	208 RLBP Daiwa Spincast Reel Slvr	882	15.14	13,353
14	5	1300 C 5012 Diwa Spin-Combo PMC	378	34.18	12,920
15	8	MC-2-38 Daiwa Minicast Combo	427	28.50	12,170
16	—	8040 Zebco Spin Combo 80L Reel Rod	775	15.02	11,640
17	—	PA102 Adventurer 2-Tray Tckl Bx	1,669	6.97	11,633
18	—	9260 FG Oly Spincast Combo	506	20.84	10,545
19	—	9065FG Oly Spin Combo PMC	505	13.92	10,060
20	2	208RL 5030P Daiwa Spncst Cmb PMC	377	25.80	9,727

COLEMAN

1	2	220K195 Double Mantle Lantern	2,045	33.72	68,957
2	3	425E499 2-Burner Stove	1,282	36.96	47,384
3	1	5103 253 gal Fuel	8,034	4.30	34,546
4	17	21A1001 21A Silk Mantel	49,400	0.68	33,592
5	15	5103-164 16.402 Propane Fuel	9,432	2.97	28,013
6	11	413G 499 Double Burner Stove	437	50.70	22,156
7	16	5274-702 Oscar Cooler 4 gal	1,152	17.11	19,711
8	7	275-710 Lantern	466	39.74	18,519
9	10	513A708 Adj Catalytic Heater	285	56.18	16,011
10	12	5114-700 Propane Lantern	564	27.40	15,454
11	13	5501B700 1-gal Jug	1,209	10.84	13,106
12	5	703 710 44-qt Cooler	290	43.16	12,516
13	14	5255 C700 703 710 Cooler 56 qt	221	48.64	10,749

(Continued on page 48)

1981.
MOTORCRAFT HELPS YOU FIGHT THE ENEMY.

Advertising that doesn't get noticed is your enemy. Motorcraft advertising fights this problem. We've created a whole new campaign designed to get attention. Sell the benefits of Motorcraft parts. Create a desire on the part of the consumer to buy Motorcraft.

We've dramatically increased the size of our television buy. Expanded our consumer magazine schedule. And developed unique new radio commercials that feature high listener involvement. And everything speaks to one subject—how Motorcraft fights the enemies of your engine.

We've even designed whole new co-op advertising programs to help you tie into this outstanding campaign on the local level. Programs that will pay 100% of your advertising costs—up to the limit of your co-op funds.

We're fighting the enemy as never before. And so can you, by calling your Motorcraft supplier.

SPORTING GOODS

Discounters used promotions to bolster slow sales of high-ticket firearms in 1980. Woolco, Salisbury, Md., promoted Crosman 766 on endcap for $39.99. *(DSN photo)*

(Continued from page 47)

Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	CAMPING			
1	Champion Gallon Camping Fuel	21,558	3.80	81,920
2	70/80 Igloo 48-qt Cooler	675	31.71	21,404
3	3547 Ash Disposable Flashlite	15,021	1.25	18,776
4	3092 Ash Flashlite Cmb w 2 D 2C Bttrs	6,516	2.86	18,636
5	1371 Igloo Playmate Cooler	891	18.76	16,715
6	IP250TR Stanbel Ice Pack Med	7,506	1.80	13,511
7	447 Igloo-Fiesta 44-qt Cooler	525	25.61	13,445
8	IP100 O/S Stanbel Ice Pack Smll	11,472	1.15	13,192
9	287 Igloo-Fiesta 228-qt Cooler	733	17.06	12,510
10	036 Family 12-qt Poly Cooler	945	12.34	11,661
11	IP400TR Stanbel Ice Pack Lrg	4,188	2.73	11,433
12	607 Igloo-Fiesta 6-Pck Cooler	1,178	9.48	11,167
13	3325 Ash Anglehead Camper 2D Lt	4,788	2.32	11,108
14	015 Family 2½ gl Jg Assrtd	925	11.37	10,517
15	1791 = 133G Whamo World Nt Lght	1,836	5.51	10,116
	MISCELLANEOUS			
1	61-258 Spalding Larry Bird Bsktbl	3,664	13.92	51,003
2	61-268 Spalding Magic Jhnsn Bsktbl	4,038	12.21	49,304
3	61-262 Spalding Drbblr Bsktbl	3,006	10.59	31,834
4	8119Q Huffy 21" Tire Pump	2,502	6.47	16,188
5	1020 Billiard Horseshoe St	1,000	15.46	15,460
6	#100 EX Mount 2 PLC Trck Gn Rck	2,417	5.61	13,549
7	7000 Marksman Shooting Drts Kt	679	19.36	13,145
8	61-699 Spalding Hro Plygrnd Bll	2,125	6.05	12,856
9	4040 Sterno Fuel 2 Lrg Cn Pk	5,184	2.16	11,200
10	PX-1 Worth Reddot Softball	1,955	5.08	9,931
11	X4000 MacGregor Bill Wltn Bsktbl	654	14.14	9,248
12	ALS4 Worth Aluminum Sftbl Bt	804	11.48	9,230
13	HH-20 MacGregor Spd Bg Pltfrm	378	24.35	9,204
14	PX2 Worth Softball Slwptch SPK12	1,771	4.97	8,802

Introducing Quaker State's exclusive Lifetime Lubrication Protection Program. We think it's the biggest profit idea to come down the pipeline.

117 million car owners want more years out of their cars. Quaker State's Lifetime Lubrication Protection Program is right up their alley. And yours.

Our Lifetime Lubrication Protection Program guarantees any new car, van or light truck engine against oil-related failures for as long as the original buyer owns it. Free.

But regular changes in service centers with Quaker State Motor Oil are required.

And that's where you come into the picture. The big profit picture.

Be Quaker State's I.Q.

If you have a service garage, you can perform the required warranty oil changes and verify the owner's records on the spot. In short, you can become the Quaker State Warranty Headquarters.

And as for the do-it-yourselfers in your market, who among them won't be impressed by the only oil that guarantees its quality for a lifetime? In writing!

Our Lifetime Lubrication Protection Program isn't simply news.

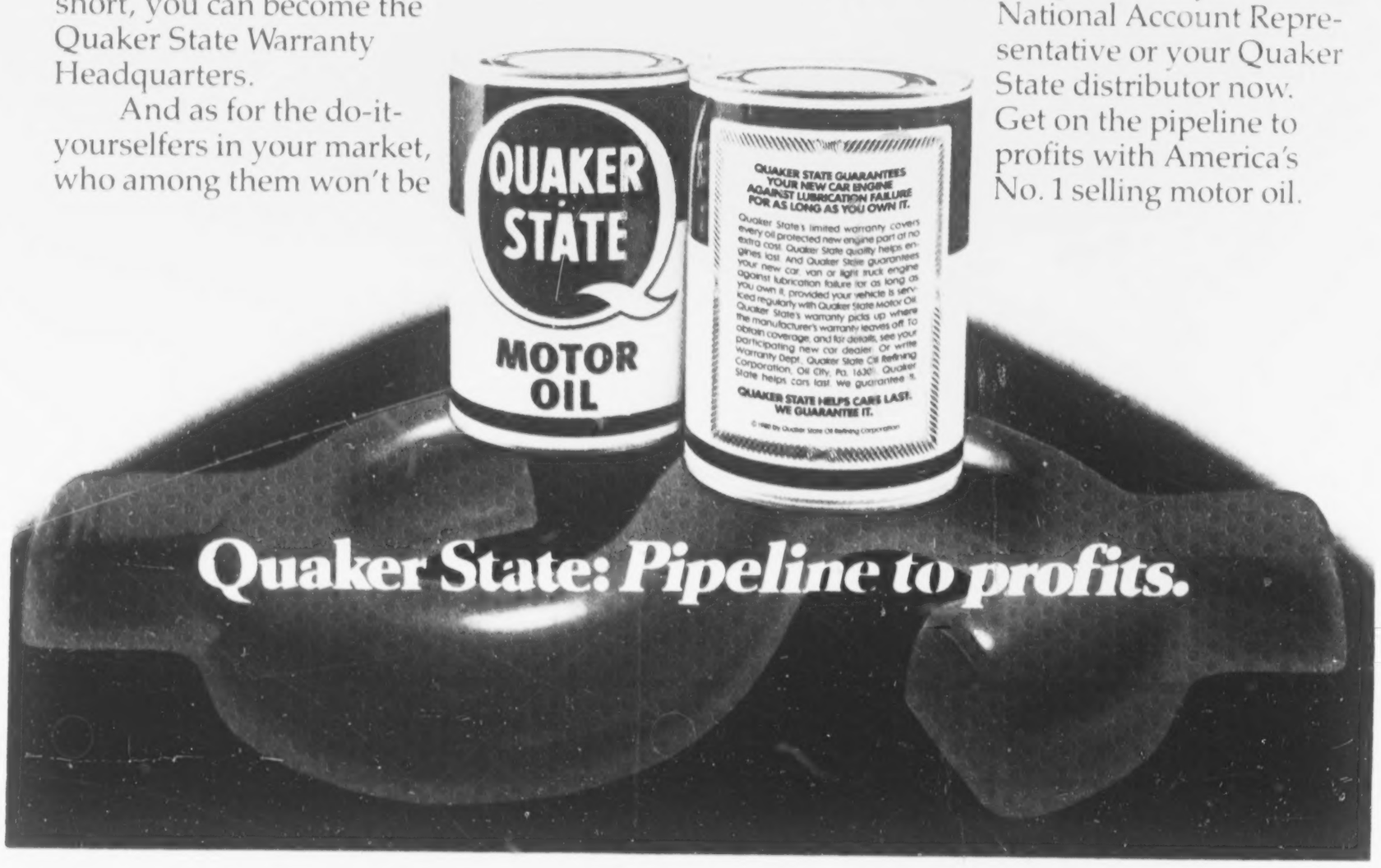
It's grounds for a massive oil change of mind. And a groundswell of customers and profit for you.

Strong advertising support.

We'll support this unique idea with a national TV blitz. There'll be local TV, radio and newspaper advertising. And a generous Retail Allowance Program. In two cases, you earn 25% more than your ad space or time costs.

When you order Quaker State, don't forget, fine quality is inherent in our full range of oils, greases, antifreeze and filters.

For complete details about this profit-making Lubrication Program, call your National Account Representative or your Quaker State distributor now. Get on the pipeline to profits with America's No. 1 selling motor oil.


QUAKER STATE
MOTOR OIL
QUAKER STATE GUARANTEES YOUR NEW CAR ENGINE AGAINST LUBRICATION FAILURE FOR AS LONG AS YOU OWN IT.
QUAKER STATE HELPS CARS LAST. WE GUARANTEE IT.

Quaker State: *Pipeline to profits.*

Discount Store News

PMA

7th Annual Product Movement Audit

Sales Pickup Seen In Sporting Goods

(Continued from page 47)

Separates did not fare much better. The Zebco 33CP Spincast Reel dropped nearly 80% in dollar movement compared to the 1979 performance.

A mild winter and recessionary economy had similar effects on hunting equipment. But retailers' decisions to cut back on advertising also played a major role in producing sluggish dollar quantities at retail in this area.

Movement of the Crosman 38T 177 caliber gas revolver plummeted 57%. At the same time, however, orders for the Crosman 1377 pump pistol soared nearly 30%, with 50% of the total units ordered on ad.

Stem expects a 1981 reversal of last year's performance, basing its optimism on orders placed during January and February, and the increased amount of promotional activity planned. For example, the Igloo Fiesta 44-qt. cooler sold 525 units in 1980, while in the first two months of 1981, 400 units have been ordered for one ad by a major retailer. For the Igloo-Fiesta 607 6-pack cooler, where 1,178 units were ordered in 1980, 666 have been purchased for one ad during the same two months of 1981. The Igloo 48-qt. cooler sold 675 units in 1980, and 396 units have already been ordered for one ad breaking in April of this year.

Strengths Examined

Exercise equipment is already firmly entrenched in discounters' sporting goods departments, and the category will get an extra boost from new enthusiasm for boxing. MacGregor's Speed Bag Platform made the PMA list for the first time, ranking No. 13 under the Miscellaneous heading, hinting at the potential of the category for 1981. December orders for all boxing items were strong. Most basic exercise equipment is purchased by men under 25 years, but women are becoming a more important factor in the exercise market every year.

Other items making the PMA list for the first time—pinpointing a resurgence in consumer interest—are the Billiard 1020 Horseshoe set, popular for its novelty appeal, and a number of softball-related items, such as the Worth Reddot softball, the Worth Aluminum bat and the Worth slow-pitch softball.

Zayre Volume Is Up 15.8% in Feb.

FRAMINGHAM, Mass.—Zayre reported a sales increase of 15.8% for the four weeks ended Feb. 28 to $83,050,000 from $71,748,000 for the same period in 1980.

The 1980 figure was restated to exclude February sales of the nine Shopper's City stores disposed of in April 1980.

Just How Much Should Store Managers Know?

—See Discounter Management Development Series, P. 14

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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K mart Goes For Bigger Margins, Lower Expenses

Chains' Dilemma: Keep Biz Share or Restore Profits?

Nationwide DSN Report
By Doug Stinson

Discounters walked a tightrope through 1980's mini-recession, and their balancing act will become even more crucial during this year's sluggish recovery.

The trade-off of gross margin dollars for improved market share during 1980 produced severe earnings declines at many chains, but most managed to boost same-store revenues at a rate that matched or slightly exceeded inflation. Now the judgment must come whether to inflate inventory, stay promotional, take the markdowns and maintain that market share (at the expense of gross margin dollar production), or get lean, reduce promotions, avoid markdowns and risk diminished market share while restoring earnings.

K mart has opted for the latter course. In 1980, K mart's net income dropped to half of what it could have been, if 1979 levels of gross margin and expenses had been maintained.

K mart's gross margin dropped from 27.1% of sales in 1979 to 26.7% of sales in 1980; that's almost 57 million fewer gross margin dollars. Selling, general and administrative expenses rose from 22.5% of sales in 1979 to 23.9% in 1980; that's almost $200 million more in expenses. Together, they total approximately $257 million, almost equal to the chain's reported net income for 1980 of $260,527,000.

K mart's strategy for 1981? To risk the market share gains and attempt to restore profits, through an overall program of lean inventory, "re-examining" promotional plans, improved inventory tracking, modernized presentations and intensified merchandising in key departments. The goal will be to widen the spread between gross margin and expenses.

A sampling of the year's results for discounters shows a weighted-for-volume sales gain in the fiscal year of 11.2%, but a sharp (22.5%) drop in earnings.

Some of that decline can be

(Continued from page 26)

'80 Results: Nets Sink, Sales Rise

Chain	Earnings: % Change From Prev. Fiscal Year	Sales: % Change From Prev. Fiscal Year
Jamesway	−39.0	+13.0
K mart	−27.2	+11.6
Roses	−25.9	+ 5.7
ALCO	−25.0	+ 1.0
Woolworth/Woolco	−17.4	+ 6.4
G. C. Murphy	− 3.9	+ 6.2[a]
Caldor	+ 7.2	+18.4
Venture	+50.0[b]	+ 4.7
Weighted Cumulative	−22.5%	+11.2%

[a]At Murphy's Marts only, sales were up 17.9%. [b]Operating income. Source: DSN Research

Discounters Are Running Fewer Sku's On Promotion, to Cut Margin Erosion

Nationwide DSN Report

Fewer items are being run on promotion by discounters this year, in an attempt to generate the same traffic with fewer sku's stripped of their everyday margins. In many cases, this is a reaction to 1980 when gross margins were eroded by 2% overall.

Cherry-picking of fewer items for promotion may be the most common advertising approach in 1981, coupled with extremely aggressive pricing and a spreading of the "match any advertised price" campaigns, particularly by K mart in several parts of the country.

(In the Boston marketplace, for example, a storefront sign tells K mart shoppers that the chain will match any advertised price . . . and goes on to name competitors Caldor, Bradlees and Zayre. Meanwhile, Zayre ran a promotion "rolling back prices to the 70's" on selected goods, primarily low-ticket.)

(Continued on page 26)

Richard M. Jones
Outlines Sears' more competitive pricing stance.

Sears Will Return To Price Warfare

NEW YORK—In a complete about-face from a merchandise strategy embraced less than two years ago, Sears will once again wage price warfare, positioning itself against discounter competition for market share, with a heavy-hitting advertising program and trimmed gross margins.

The retail giant's 1981 strategy was outlined by Richard M. Jones, vice chairman and chief financial officer of Sears, Roebuck & Co. (corporate) at a New York Security Analysts meeting here. Although Sears would "renew its pursuit of sales," Jones said, it

(Continued on page 25)

Some Top Chains Bid For Penney's Discount Stores

By Christine Haggerty

GRANADA HILLS, Calif.—Some of the country's top discounters are waiting in line to pick up J. C. Penney's Treasure Island and The Treasury stores. Among those expressing interest are Marshalls, Jefferson/Ward and Gemco.

Penney decided to shutter the 34-unit chain early this year after seven consecutive years of losses. Excessive overhead and customer identity problems were most often cited as the sources of the chain's poor financial performance. Still, in local markets, competitors and observers insisted the chain was a powerful presence, partly as a result of its prime locations.

The prospective lease buyers are eager to build up existing markets or expand into new areas with cost-effective takeovers rather than costly new construction.

No definitive agreements have yet been reached, but negotiations are under way in Atlanta, Miami, Los Angeles and San Francisco. There has been less interest in stores in Dallas, Milwaukee and Memphis.

In the lucrative and understored Atlanta market, a bidding war could come between Jefferson/Ward and Dayton Hudson, the latter negotiating for Target, according to sources at Jefferson/Ward. (Target denies that it is considering a takeover.) Federated Department Stores is also reported to be eying the four prime Treasure Island locations in Atlanta—but not for Richway which is situated within a two-mile radius of Treasure Island stores.

Atlanta offers a unique opportunity to discounters considering moving into the neighborhood. It has seen a number of discounters run out of town—Woolco most recently—yet its population continues to grow.

One of the first discounters to move into Atlanta, Treasure Island grabbed four of the best sites in the area. Other discounters took Treasure Island's cue. Hometown Richway and K mart positioned stores in direct competition with each site.

Should Jefferson/Ward or Target win the bid for the stores, the acquisition would mark either chain's first push into Georgia, and their first time up at bat against upscaler Richway, a strong factor in the Atlanta market with 12 stores. Target's expansion into Tennessee this spring and its new distribution center/warehouse in Little Rock, Ark., point to Georgia as a likely candidate for Target's continued Eastern thrust.

However, industry observers say that Target's acquisition of Ayr-Way may keep the chain out of the action.

(Continued from page 7)

Investment Company Makes 2nd Bid For Fred Meyer; Infighting Continues

PORTLAND, Ore.—The latest turn in the corporate infighting at Fred Meyer was the most recent offer by Kohlberg, Kravis, Roberts & Co. (KKR) to acquire all of the retailer's outstanding stock for $45 per share.

KKR, an investment firm based in New York and San Francisco, recently made its second Fred Meyer acquisition bid in less than a year. A similar "unsolicited" proposal, at the same price, was considered and rejected by Meyer's board of directors last September.

The newest bid came amid increasing rumors that Fred Meyer was pursuing an acquisition interest in Salt Lake City-based Grand Central. While Meyer executives have denied such rumors, Grand Central officials have acknowledged that "preliminary talks" were taking place with an "unidentified company" (DSN April 6).

The Meyer firm received word of KKR's renewed interest in a letter from the estate of Fred G. Meyer, which owns the largest block of outstanding

(Continued on page 24)

Administration Delays Subminimum Youth-Wage Proposals

WASHINGTON—The Reagan Administration favors a "youth differential" subminimum wage for teenagers, but Secretary of Labor Ray Donovan recently told a Senate hearing that the Administration still had not decided on specific recommendations.

Donovan said he supported the concept of a "youth differential" but was waiting until the Minimum Wage Study Commission, a group formed in 1977, completes its work this spring before he decides on specific proposals.

Several proposals are being considered by the Senate including one by Sen. Orrin Hatch (R-Utah), chairman of the Labor and Human Resources Committee, which would permit employers to pay workers 16 to 19 years old 75% of the minimum. A bill by Sen. Charles Percy (R-Ill.) establishes the youth wage at 85% and a bill by Sen. Don Nickles (R-Okla.) would eliminate all minimum wage requirements for employees under 18.

On Jan. 1, the minimum wage reached $3.35 an hour. No further increases are required by law.

Business and retailing groups have become more con-

(Continued on page 8)

Promotions

(Continued from page 1)

Proof that an approach with fewer—but more identifiable—items and sharper pricing can work has already been demonstrated dramatically at Heck's this spring. Heck's ran a promotion last year which used a double-truck ad plus another full page to feature 80 items. This year, the chain ran less space for the same promotion—a double-truck ad only—and featured 25 items. Sales were up 19% from the year before, primarily through use of better items based on past performance, and sharper pricing, according to vp of advertising Lew Soulsby.

"It takes a lot more fight to get an item into an ad now, and more items are turned down," Soulsby said. This year's plan reverses last year's approach of running more items per unit of ad space. Many others in the industry have decided to take a similar approach, including Woolco.

"We are losing a little on the margins," said F. W. Woolworth's vp of advertising Ernest Kaufman, "but I didn't know we had a choice. We are using fewer items and stronger pricing in the strategy for choosing items."

Woolco will emphasize higher-ticket items, including apparel, this year as it ties together the item offerings and advertising themes for a more upscale image. A more image-oriented advertising slogan will be tested in June in some markets via TV ads. Kaufman said items this year will "usually be of higher quality" than items on promotion last year.

In print advertising, Woolco will move to more full-sized circulars instead of tabloids for inserts with more impact. The TV ad budget will have a 20% greater share of total ad spending this year at Woolco as well. The total advertising budget was increased 10% at Woolco this year to put the chain equal with cost increases over the last year, an advantage over some chains whose budgets are being squeezed by cost increases.

Ad budgets are generally up in gross dollars, but not as a per cent of sales, with much of the industry spending 2.5% of sales on advertising. Given that costs are reportedly up an average of 10% from a year ago, promotional efforts are increasingly looking to cost-cutting measures on a per-store basis and more efficiency per item.

Not all of the cost increases must be absorbed, however, since inflation has sent co-op dollar allowances up. Where discounters receive a straight percentage allowance on item cost, they thus pick up the larger allowance for an item formerly $10 which is now $12.

Theme advertising tied in with aggressive pricing is also popular this year. Venture is advertising higher-margin goods in a new program called "Save with style." The approach is multimedia and includes store signing. FedMart has also started a new program featuring a Rediscover FedMart theme and lower everyday prices in selected departments. Magic Mart also intends to become more theme-oriented in its advertising by tying together several categories or departments.

Additional efforts to maximize traffic while minimizing a reduction in gross margin are seen in the spread of discounters offering to match any advertised price by a competitor on a given item. While this is not done by Woolco, some K marts and Murphy's Mart, Magic Mart, Wal-Mart and others have a standing policy to that effect. A spokesman at Murphy's Mart characterized it as a "competitive necessity in today's marketplace." In using this technique, however, chains do not lose gross margin points on *every* unit of a given sku; they give a promotional price only when it is requested by the customer.

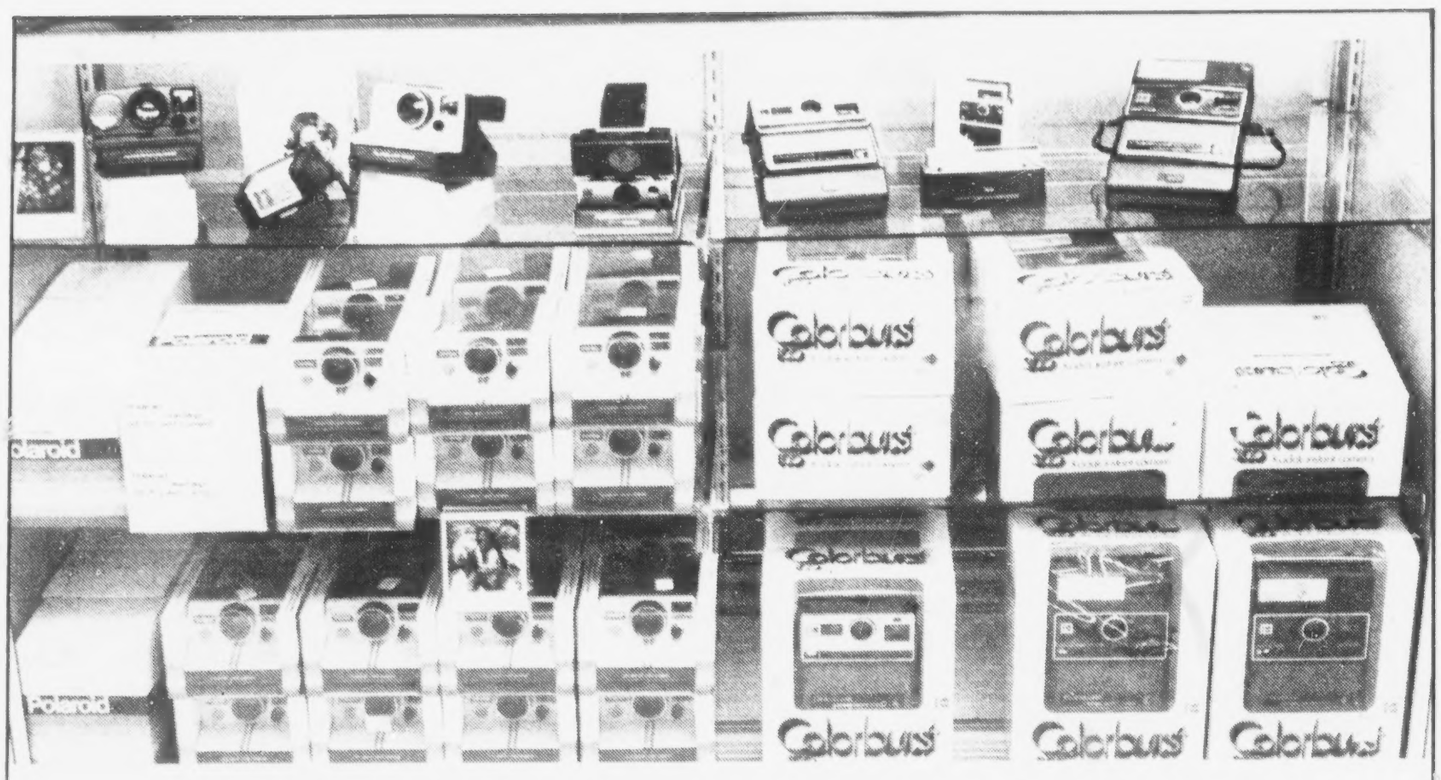
Coupon use remains relatively small in the industry, though at Magic Mart a fall 1980 coupon tabloid had such a good response that the chain has plans to run one quarterly in this year. The chain also has a program of doubling the value of a given manufacturer's coupon on a weekly basis.

Pamida also runs store coupons and occasionally doubles and triples the value of coupon redemption programs. To maximize profit potential in promotions, new items are run at slightly higher margins.

K mart's Focus Seen in Houston

K mart's focus on raising gross margins, even in ads, to boost profits was evident in DSN's market-basket check of the Houston market (see story, p. 3, and chart, p. 12). K mart had the lowest prices fewer times and the highest prices more often than its two discount rivals—Gemco and Target.

In those cases where K mart had higher prices than its rival discounters, the difference ranged to almost $14 in a few instances. Even in most of the cases where K mart was lowest, the price difference wasn't great, so that the lower promotional tag didn't sharply reduce the discounter's gross margin.



Displays Result in Instant Sales

Instant cameras remain promotional favorites, in part because there is little need for demonstrations. This display is from a Venture in Griffith, Ind. *(DSN photo)*

Earnings

(Continued from page 1)

attributed to the effect of LIFO accounting, whether used in both years or first adopted last year. Caldor, for example, had an increase of 126% in its LIFO charge to $2,478,000 in the latest year from only $1,095,000 the year before—11.7% of net income in 1980 from only 5.5% of net income in 1979.

Jamesway, which just adopted LIFO accounting, had an adjustment of $975,000—24.9% of its net income of $3,915,000, on sales of $273,260,000. K mart's LIFO adjustment rose 57% higher than the previous year's, and G. C. Murphy's jumped 24% to $5,312,000 from the previous year's total of $4,277,000.

But LIFO increases are not the whole story. At Caldor, for example, net income rose 7.2% over the preceding year (on a sales increase of more than 18%) in spite of that chain's huge LIFO increase.

Selling, general and administrative costs climbed steeply in 1980, as did interest costs. Gross margins withered under the pressures of increased promotional activity and markdowns.

Charles H. Lytle, chief executive officer of G. C. Murphy, noted that while the 11.8% climb in sales per square foot at his Murphy Marts (to $95.96 from $85.86) indicated a definite gain in market share, the increased advertising and promotion necessary to gain this increase eroded margins. (Lytle also cited heavier than normal markdowns for promotions and clearance during the fourth quarter, especially in winter wearables and electronic games.) Lytle's emphasis in 1981? To maintain that market share gain, while "refining the mix and presentations" to enhance the gross margin performance.

Increased interest expenses at F. W. Woolworth were cited as one major cause of its net earnings decline of 17.4% to $101 million from $122 million the year before, not including equity in F. W. Woolworth & Co. Ltd. of Great Britain. (Operating income fell even more sharply, to $144 million from $227 million, or 36.9%.) Interest expenses totaled $145 million, up $29 million (25.8%) from $116 million a year earlier.

Operating income at Venture jumped to $12 million, (2.1% of sales), on volume of $561 million. But that chain still does not produce operating income for parent May Department Stores in proportion to its sales contribution. Venture's sales of $561 million constituted 17.8% of the parent corporation's sales, while the $12 million operating income figure is just 4.6% of the total operating income (from retail operations) of $262 million.

Venture seems to be on the right track, with sales almost keeping pace with inflation, and operating income (admittedly from a very small base) rising an impressive 50%. But trouble may be brewing at the parent corporation, where corporate expenses have risen $4 million a year for each of the last two years, to $21 million in 1980, and where the return on equity is creeping downward—14.5% after three consecutive years near the 15.5% level. Operating incomes had been increasing every year at May Department Stores—by smaller and smaller margins—but declined slightly in 1980, from $264 million to $262 million. As a percentage of sales, the parent company's operating income has been declining for years, from more than 9% in 1977 to 8.3% of sales in 1980.

While a great number of unanticipated or higher-than-anticipated costs are cited by discounters explaining 1980 earnings declines (costs of closing a distribution center, by G. C. Murphy; currency fluctuations by F. W. Woolworth; "a tough year" by everyone), it's clear that the major problem is the shrinking spread between gross margins and operating costs. Which strategy results in the best earnings improvements as chains struggle to restore and maintain the spread will be the major retailing story in 1981.

Mays Finally Invades Scarsdale, For 15 Million Good Reasons

SCARSDALE, N.Y.—J. W. Mays has at least 15 million reasons for opening in an ex-Korvettes in this Westchester County market just north of New York City.

The Korvettes had hit $20 million in sales in its heyday and was doing between $10 million and $15 million before the chain closed down.

Mays is expected to be able to reach the $15 million sales rate and eventually pass Korvettes' best figure, according to trade observers.

Mays has wanted to open in the Scarsdale area for a number of years, an executive acknowledged. But the chain watched as first Alexander's and then Caldor went into the market into units closed by S. Klein and then Great Eastern.

Mays and the other two discounters are within a two-mile radius of each other on Route 100, a main shopping strip, with Alexander's and Caldor closer to Yonkers while Mays is nearer to higher-income Scarsdale.

The discounter obtained the Korvettes site from the landlord who had regained it from Korvettes and was able to come to terms with Mays after protracted negotiations between the two discounters got nowhere.

Mays held down its refurbishing [illegible] by recycling many of the Korvettes fixtures, maintaining [illegible] layout of the tile and carpeted areas used by Korvettes, and going with a simple decor.

The new store was being played up by Mays in newspaper ads, which proclaimed: "Now We Are 9."

The discounter's ad budget in the New York *News*, its main ad vehicle, is about $10 million, a figure that will now cover three stores in New York City, four stores on suburban Long Island, and one each in Westchester and Dutchess Counties north of the city.

Mays

(Continued from page 3)

The sku's dropped, he said, included a small-size toothpaste, the low-end lead-in to apparel, and duplicate items such as the secondary color or trim of a girl's best-selling dress.

The larger Mays stores, he added, have the space for an expanded assortment, and hopefully the extra items produce additional sales and profits.

Mays uses an eight-digit sku number to track about 85% merchandise—including all [illegible]s—so the discounter can quickly pounce on a hot item that's part of its "plus" assortment and feed it to stores that have just the basic mix, he noted.

The discounter, in recycling the ex-Korvettes, used white throughout the store so that the decor doesn't detract from the merchandise, the executive said. The one-color scheme also reduced the cost of maintenance by avoiding the need to repaint an area if a department is moved.

Pet Food

(Continued from page 3)

wake of planogramming its new 12- to 16-ft. snack food department, even offers farm-fresh eggs in three stores.

Coordinated last July, the department is located up-front in all stores and is slated for all new stores.

"It may sound crazy," the buyer said, but weekly sales are running 375% ahead of same-period figures a year ago.

Thanks go to a new ordering system that lets store managers order from Jamesway's distribution center.

While the chain has carried food on a hit-or-miss basis for several years, 95% of the buying is now coordinated through the Secaucus, N.J., home office. The average margin in snack foods ranges between 15% and 28%, the buyer added.

The planogrammed department is adaptable to stocking goods for two seasons: winter (soups, in addition to cake mixes, crackers and other basics) and summer (which highlights barbecue and picnic products), merchandised in one area instead of variously located cut-packs.

Some store managers have used their discretionary 5% buying power to expand the department (to as much as 32 ft.) with locally bought items used for traffic.

One of the three stores to carry fresh eggs, for example, reports only a few cents profit per dozen, but sales of 275 dozen per week when merchandised with English muffins just inside the front door.

Mass Merchants Failing to Keep Pace With Growth of H&BA Market: Nielsen

Discounters report H&BA sales increased in 1980 over 1979, but as the research by A. C. Nielsen Co. here shows, mass merchants (discounters, Sears, J. C. Penney, Montgomery Ward and other department stores) have not kept pace with the market's growth.

Since discounters' sales are increasing, however, the figures also suggest that the Big Three and other department stores are losing H&BA market share to discounters, supermarkets and drug stores.

In terms of percentage of consumer dollars spent, mass merchants wound up 1980 with a 2% increase (from a 14.7% to a 15.0% share) in feminine douches, steady performances in deodorants and disposable diapers, and decreases in the remaining classifications.

Foot remedies and bath additives were off 9.1%.

Those two largest decreases were not dramatic in light of discounters' general success in H&BA, but may suggest that while discounters emphasize up-and-coming categories like consumables and accessories, they are complacent about the H&BA business.

Food retailers are making a heavy commitment to the category, and pulled a share of 49.7%, up from 49.2%, to keep the lead market slice. Drug retailers held their own at 36.0%, equal to last year's level. Mass merchants dropped from 14.8% to 14.3%.

Mass Merchants' Percentage of Consumer Dollars Spent

Category	1979	1980	% Change
1 Feminine douches	14.7	15.0	+ 2.0
2 Deodorants	17.7	17.7	0.0
3 Disposable diapers	11.1	11.1	0.0
4 Sanitary protection	12.0	11.9	−0.8
5 Sinus headache remedies	8.9	8.8	−1.1
6 Dentifrices	14.4	14.2	−1.4
7 Hair coloring	21.5	21.2	−1.4
8 Face creams	16.1	15.8	−1.9
9 Razor blades	17.4	17.0	−2.3
10 Topical antiseptics	11.3	11.0	−2.7
11 After-shampoo products	18.0	17.5	−2.8
12 After-shave lotion and cologne	25.1	24.3	−3.2
13 Aerosol shave creams	17.3	16.7	−3.5
14 Shampoos	18.1	17.4	−3.9
15 Hair fixatives	19.8	19.0	−4.0
16 Hair preparations	16.2	15.5	−4.3
17 Stomach remedies	9.0	8.5	−5.6
18 Oral antiseptics	17.1	16.1	−5.8
19 Vitamins	8.5	8.0	−5.8
20 Headache remedies	9.9	9.3	−6.1
21 Home permanents	26.2	24.4	−6.9
22 Hand lotions	17.3	15.9	−8.1
23 Cold tablets	9.8	9.0	−8.2
24 Foot remedies	9.9	9.0	−9.1
25 Bath additives	17.5	15.9	−9.1
Total 25 H&BA's	14.8	14.3	−3.4

Source: A. C. Nielsen Co.

Create Stir At Home Center Show

Buyers to Expand Ceiling Fans, Auxiliary Heaters

CHICAGO—Ceiling fans and auxiliary heaters generated much of the excitement at the recent Home Center show here, but a lack of new product and poor attendance were cited as drawbacks.

Most discounters expect to have a banner year with the ceiling fans, which may have been the largest growth category of goods at the show.

At Heck's, buyer Jim Myles said that the chain tried ceiling fans in selected stores last spring and will go with two models chainwide this year, a promotional model and a step-up.

At Murphy's Mart, a buyer reported that the chain will be going with some new fans for the year. "We came to the decision that the lowest ticket may not be the best," he said. As a result, Murphy's Mart will be running two models chainwide and testing a third.

At T.G. & Y., meanwhile, a program of six sku's will be run this year in what buyer Dan McCormick described as his "biggest growth category" in hardware. T.G. & Y. did not send representatives to the Home Center show, but has ordered the fans direct from the Orient. At the low end, the promotional model will run near $58. The top-of-the-line fan will run about $198.

Auxiliary heaters were also abundant at the show, both quartz and kerosene particularly, and many discounters will be running them as traffic draws in their fall merchandising programs. Murphy's Mart will run a trade-up kerosene heater for the first time next fall to add to a basic model run last year, and a buyer at ALCO reported that he will run with a kerosene heater for the first time next fall.

A lack of new product was one major complaint about the show. "We were looking hard for something new for fall, but we didn't find anything," noted a buyer from Heck's. As a result, much of his fall program will probably remain the same. For example, he plans to stay away from solid-state tools being introduced by Black &

(Continued on page 11)

Color Sets Seen Growth Area in Bullish TV Picture

Special DSN TV Report

The outlook for television sales appears good for the remainder of 1981. Black-and-white sales are holding steady, but color sets offer the prospect of particularly strong growth.

Discounters such as Murphy's Mart, Roses and Heck's had sales increases averaging 18% last year. Executives predicted that despite the continuing economic slump, equally sizable boosts could be expected this year.

The key to improving sales will be increased promotional activity in the area of 5- and 7-in. black-and-white sets, and 13- and 19-in. color portables.

Roses, for example, will increase its promotions from monthly to once every 10 days. Danners (3D) will soon more than double its promotions, increasing them from six to 14 tabs per year.

Spurring the growth in color, report buyers for a number of discounters, are the increasing sales of video cassette recorders, disc systems and home video games.

"People are spending a lot of money in the specialty stores for home video equipment and are then coming to us for a new TV set to use it with," explained Murphy's Mart buyer Frank Remaley. "We're expecting even better television sales now that the disc systems are out."

It was the increasing sales strength of color portables that caused Murphy's Mart to double its assortment from two to four sku's last year, and rack up a 15% sales increase.

The chain enlarged its selection by adding two Magnavox offerings to the 13- and 19-in. imports it has always carried. Remaley said the chain is considering expanding its selection to six later this year, with the addition of two remote-controlled portables.

(Continued on page 7)

Increased promotional activity is a key to increasing television sales. This Bordentown, N.J., Jefferson led off its department with 24-in. consoles, on sale. *(DSN photo)*

FTC Finds Practice Has Generally Been Abandoned

Probe of Restrictive Shopping-Center Leases Ends

WASHINGTON—The Federal Trade Commission has closed down its investigation of restrictive leases that allegedly blocked discounters and other retailers from opening in certain shopping centers.

The commission, finding that larger stores in shopping centers have generally abandoned the practice of restrictive leases, ended the investigation that covered 113 shopping center developers, major tenants, discounters and smaller tenants.

The primary purpose of the survey was to monitor industry compliance with the 1975 FTC decision banning leases that enabled major tenants (mainly large department stores) from blocking other retailers from opening in shopping centers or dictating their locations. The agency noted that such practices may be used to restrict discounters or other retailers who might compete with the large department stores by offering lower prices.

The 1975 FTC decision involved the Tysons Corner regional shopping center in northern Virginia. That decision held that lease agreements between developers and major tenant department stores, giving them the right to vote or determine the entry of other retailers within the center, were illegal.

The commission was particularly concerned that major tenants and developers not be allowed to jointly prevent or inhibit discount stores or similar retailers from entering shopping centers.

The latest survey also looked for lease restrictions not considered in the Tysons Corner decision, such as developer-imposed clauses dictating a tenant's price range. Such restrictions, the commission said, could inhibit price competition. But, in general, no such significant violations were found.

Also examined were exclusive contracts that allow a tenant to be the only one of its type in a shopping center, thus limiting competition.

The commission concluded after its latest investigation that "as a general matter, it does not appear that discounters are being unfairly denied access to shopping centers, either as a result of pressure by major tenants or because of the independent leasing policies of developers."

Although the industrywide investigation has been closed, the commission stated that the staff will continue to scrutinize shopping center lease restrictions on a case-by-case basis.

In This Issue...

UN-COOPERATIVE? Consumer activist Ralph Nader told a Merchants Buying Syndicate show that consumer cooperatives would flourish in the general merchandise area (story, p. 16). DSN's editor Doug Stinson throws cold water on the idea, claiming that consumers would do better shopping at discount stores. (P. 6)

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Vol. 20, No. 8 April 20, 1981

Chicago-Based CPA Firm Advises:

Tax Planning Techniques Can Produce Ready Cash

Companies experiencing cash flow and profitability problems can use a number of tax planning techniques to produce ready cash.

"In many cases, the Internal Revenue Service can help with refunds and extensions of payment due dates," said Thomas C. Parsons, national director of tax practice for Alexander Grant & Co., a Chicago-based certified public accounting firm.

"Considering current high interest rates, any return of money can represent a critical source of cash for the corporation."

Specific suggestions offered by Parsons, for firms combatting the problems presented by the sluggish economy, include:

- Filing a form 4466 with the IRS, to receive a quick refund of overpayments on estimated taxes—maybe within 45 days. The application must be filed after year-end, but prior to either the time for filing the return, or the 15th day of the third month after year-end. The refund must be at least 10% of the total expected tax, and at least $500.
- Filing a form 1138 (by a firm expecting a net operating loss for the current year) for an extension of time on tax payment. The amount of tax postponed may not exceed the amount of refund expected to result from carrying back the net operating loss. The extension period ends on the last day of the month in which the return for the loss year is due, or upon grant or denial of the carryback refund request. A refund grant resulting from the carryback will be used to offset taxes due, and the interest on the deferred payment is 12%.
- Filing of a form 1139 will usually result in a refund of tax resulting from a net operating loss, capital loss or investment or jobs credit carryback within 90 days. Undue delay in filing 1139 should be avoided, so file it as soon as the tax return is filed.
- Adjustment of estimated tax payments (when calendar 1981 profits and taxable income are expected to decrease) can improve cash flow. Estimated tax payments should be based on a carefully prepared estimate of actual expected tax liability. If payments equal 80% of the actual liability, no underpayment penalty is incurred.

(Exception Three—tax on annualized income—should also be kept in mind for avoiding an underpayment penalty. This exception provides that no penalty will be imposed if the estimated tax paid is equal to at least 80% of the tax that would be due if the tax was figured on annualized taxable income in the months preceding installment dates. The rules for annualization are very liberal. Companies should be aware, too, that new rules become effective this year for those having taxable income of $1 million or more in any of the three preceding years. The Revenue Adjustments Act of 1980 provides that any corporation having $1 million or more of taxable income in any of the three years prior to taxable years beginning after 1980 must make estimated tax payments totaling *60 per cent* of current year liability to avoid underpayment penalties.)

- In years of unusually low taxable income or unusually large tax credits, the minimum tax on items of tax preference could result in additional tax liability. (Items of tax preference include accelerated depreciation on real property and leased personal property, amortization of certified pollution control facilities, and the portion of long-term capital gains obtaining the preferential rate under the alternative tax computation.)

An exclusion from the amount of preference items subject to the minimum tax is allowed in an amount equal to the greater of $10,000 or the amount of tax due. To the extent that tax preference items exist during a year of low taxable income or large tax credits, a minimum tax liability could result. Plans should be made to minimize recognition of tax preference items, or when appropriate to delay acquisition of investment tax credit property.

- Where a loss or net operating loss carryback situation is involved, companies should remember that a net operating loss carried back to an earlier year could result in an imposition of the minimum tax in that year. In some cases, it may be better to elect to forego the carryback, and to carry the loss forward. Where net operating losses are in danger of expiring, corporations should plan to accelerate the income and defer deductions. For example, forego using the installment method of reporting installment sales. Switch from accelerated to straight-line depreciation. This can be done without IRS permission.

If an operating loss is expected for the current year, recognition of long-term capital gains could be deferred to avoid loss of the full tax benefit of the loss.

Sears

(Continued from page 1)

would also continue to probe ways to reduce the cost of doing business.

Two years ago, Sears abandoned a similar plan for one which concentrated solely on cost-cutting and stabilization of its traditional customer base, which had begun to erode in the mid-60's with the onslaught of discounters. At that time, Sears chose to strengthen its bottom line.

Sears joined the long line of retailers that experienced profit losses during 1980, partly due to the recession. Its sales inched up a mere 0.2% to $16.9 billion, while net income nosedived 43.1% to $208.6 million vs. 1979. Earnings were 1.3% of sales, half the level expected in a discount store operation, with expense levels comparable to those found in department stores.

Sears' fourth quarter, however, did offer a sign of better times to come. Compared to the same quarter of fiscal 1979, net earnings jumped 23.9% to $161.7 million, on a sales gain of 3% to $5.029 billion.

February's sales rose 6.9% to $1.192 billion, the best record posted by the chain in the last two and one-half years.

Edward Telling, corporate chairman and chief executive officer, attributed the fourth-quarter successes to the retailer's organizational and operational changes "that will form the underpinnings for the resumption of growth."

The most vital part of the changes came with the appointment of Edward Brennan as chairman and chief executive officer of the merchandising group early last year. Under this new title, Brennan reports to Telling, a move corporate management hopes will heighten its responsiveness to the needs of the retailing portion of the organization.

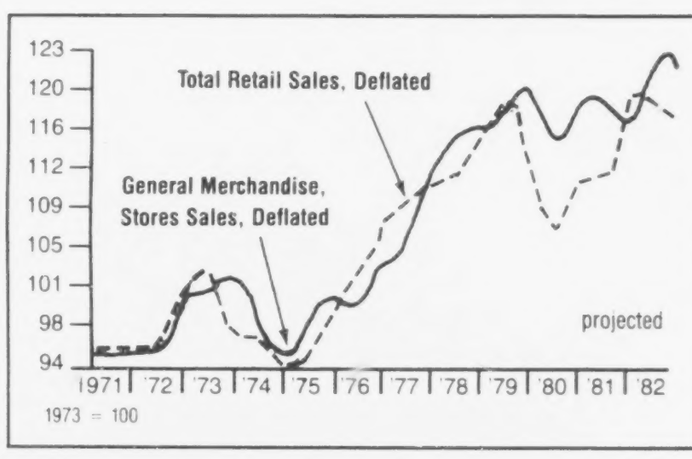
The new strategy includes the building of a merchandise mix which positions Sears in a more competitive stance, and is also geared toward improving sales. Jones cited the addition of a 50-in. projection television set, selling for around $3,000, and the introduction of the Cheryl Tiegs sportswear line as examples of the route Sears is taking to heighten its appeal.

The chain will continue to improve its major appliance, home improvement and women's apparel mix.

Sears has abandoned its old theme "Sears—Where America Shops" in exchange for "You Can Depend On Sears." This shifts the emphasis to service—one marketing aspect that gives Sears an edge over its discount competition. Institutional and television advertising budgets have been expanded under the new merchandising strategy.

L/F Econocycle

See GM/Discounters Gaining in 2nd Qtr.



General Merchandise/Discount

	Sales Change By Quarter '80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81* 1Q %	'81* 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	8.9	4.8	4.4	5.7	8.1	10.6	8.9	5.7	9	6	8
Real sales (Deflated)*	1.7	−2.4	−3.3	−2.1	1.5	4.3	2.9	−0.5	3	−2	2

Base = Dec. 1980 Sales
*Projected

Now that all final 1980 figures and preliminary '81 sales have been fed into the L/F Econocycle model, this month's forecast projects a strong second-quarter surge in discount/general merchandise stores—reflecting a major improvement over last month's forecast.

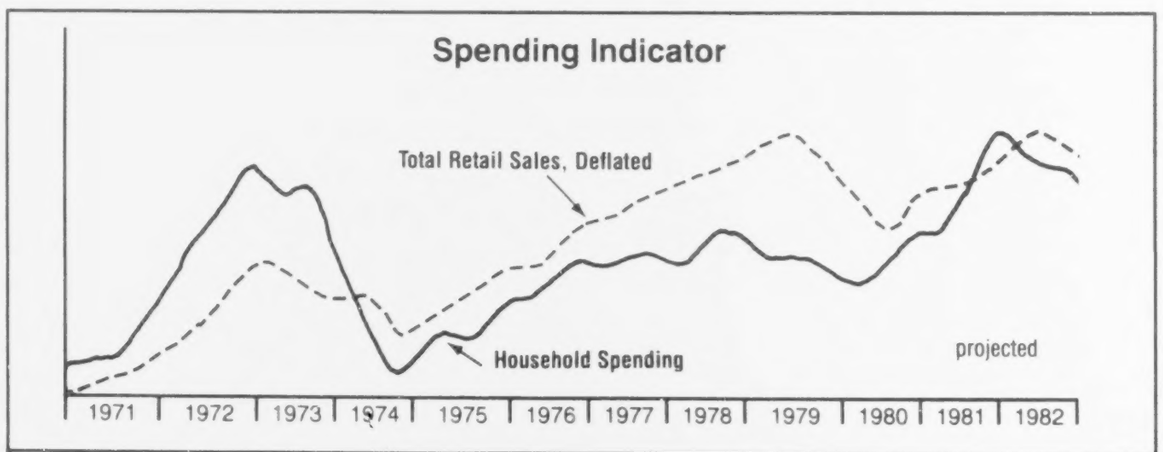
With final December figures in place, real sales for GM/Discounters should move ahead by 4% for the second period (chart above).

Overall, general merchandisers and discounters continue to show good gains vs. total retail activity and are expected to match the strength now evident in general retailing through the third period, at least.

Total retail sales are poised for an ongoing rise through the next two quarters (charts below), with real gains averaging about 5%, heading for a year-round gain of 3%.

The L/F Econocycle projection also hints at a possible decline or at least an easing of total retail gains in the fourth quarter, however. Based on the L/F composite, which has historically been a volatile indicator of major upward or downward shifts in sales direction, this trend should be closely watched by all sectors of retailing as the year matures.

- In other retail sectors, the outlook is mixed. Home center/building supply/hardware retailers are projected for a strong second-quarter surge with the pickup in spring construction.
- General merchandise/apparel and furniture stores are heading for a 2% second-quarter gain, led primarily by apparel specialists, now programmed for a solid real sales increase of 3+%.
- The pacesetter for all retailing continues to be drug store operators, forecasting a real '81 gain of 4%.



Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	8.9	10.5	8.6	7.6	12.0	9.3	5.7	8.9	8.2
	2Q	−1.6	10.0	7.9	−8.9	10.9	1.4	6.5	4.8	4.5
	3Q	2.9	11.6	7.4	−9.2	10.1	−0.4	4.9	4.4	3.4
	4Q	7.0	10.4	6.6	−2.2	14.5	4.9	6.7	5.7	5.7
1981	1Q*	7.3	9.4	7.6	3.0	11.4	7.5	7.0	8.1	7.7
	2Q*	14.6	9.2	10.8	15.0	11.9	14.7	8.1	10.6	10.9
	3Q*	10.4	9.7	13.3	5.8	12.0	13.3	8.6	8.9	9.7
	4Q*	9.9	7.8	10.5	−3.1	8.4	12.4	8.5	5.7	7.6
% change 12 mos.	1979	12.0	11.0	9.0	14.0	9.0	14.0	9.0	9.0	10.0
	1980	4.0	10.0	7.0	−3.0	11.0	3.0	6.0	6.0	5.0
	1981*	10.0	8.0	10.0	3.0	10.0	11.0	8.0	8.0	7.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	−1.7	5.3	−1.5	−2.1	3.9	3.8	1.0	1.7	2.0
	2Q	−11.0	4.6	−1.4	−17.8	1.8	−4.4	2.3	−2.4	−1.8
	3Q	−6.9	2.3	−1.7	−18.3	0.4	−7.1	0.4	−3.3	−3.3
	4Q	−3.1	−0.8	−2.3	−11.2	4.3	−1.3	1.8	−2.1	−1.1
1981	1Q*	−1.1	−3.1	−0.3	−4.1	2.5	−2.4	3.3	1.5	2.1
	2Q*	6.7	−3.7	2.4	8.7	4.8	9.5	3.5	4.3	5.2
	3Q*	4.3	−1.4	4.7	−0.5	6.7	8.5	4.1	2.9	4.3
	4Q*	5.0	1.8	2.9	−9.4	4.7	7.1	4.7	−0.5	2.2
% change 12 mos.	1979	2.0	1.0	−2.0	5.0	2.0	8.0	6.0	3.0	4.0
	1980	−6.0	3.0	−2.0	−12.0	2.0	−2.0	1.0	−2.0	−1.0
	1981	3.0	−1.0	2.0	−2.0	4.0	6.0	4.0	2.0	2.0

Base = Dec. 1980 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

Consolidation of Catalog Coordinators Possible As Members Play Musical Chairs: Pp. 3, 26

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Woolco Girds For Ambitious Overhauling

By Iris Rosenberg

NEW YORK—Now it's Woolco's turn.

With the overhauling of its other retail holdings mostly completed, parent company F. W. Woolworth is turning its undivided attention to its discount operation, Woolco, leading off with the creation of a new top management spot: general manager, U.S. Woolco.

Among the end results planned: a new look to chain advertising; a new store layout and decor package; a significantly altered merchandise mix; computerized replenishment and item tracking.

To prepare for the considerable work ahead—which the industry's second largest chain, with sales of over $3 billion, hopes will immediately help boost sales per square foot from $80 to $100, still below the industry average—top management has reorganized the chain of command at U.S. Woolworth/Woolco and given the newly created post of general manager U.S. Woolco to John E. Parker.

Parker, a 40-year-old Woolco veteran who is now also a senior vp of Woolworth, most recently served the company as a regional vice president in Atlanta. As general manager he will report directly to George W. Nelson, president, U.S. Woolworth/Woolco.

(Parker's counterpart on the variety store side is Charles L. Kline, formerly senior vice president and general manager, U.S. Woolworth/Woolco.)

The realignment, which has left the top management structure mirroring the management hierarchy in the field where two senior divisional managers—one with Woolco the other with Woolworth—report to a regional vice president, is not exactly a new one. In the mid-70's, the chain reorganized itself and merged the then separately run variety store and discount divisions into a single organization. Now the chain will reorient the operations side of the business's chain of command: Woolco operations people will report to Parker, and Woolworth people to Kline.

"We have not created two separate divisions," Parker ex-

(Continued on page 22)

New General Manager Post to Parker

NEW YORK—Soft-spoken, sandy-haired John E. Parker is one of the youngest executives to ever hold a senior position at Woolworth/Woolco. But at 40, after being named to the newly created position of general manager, U.S. Woolco, Parker is a 22-year veteran of the chain.

His arrival at New York headquarters in November 1980—and the subsequent Woolworth-Woolco management reorganization—is yet another sign that F. W. Woolworth is deeply committed to an extensive reworking of its discount division. (Last year, the company jettisoned more

(Continued on page 22)

John E. Parker
General Manager, U.S. Woolco

Young Meijer Square Tests Discount, Nonfood Format

BAY CITY, Mich.—Using a hypermarket approach to cram its parent's nonfood mix into a 65,000-sq.-ft. selling space, Meijer Square—the discounter hybrid being teased into a chain by Meijer's Thrifty Acres—made its second bow in this small Great Lakes town 20 miles north of Saginaw.

This discounter format will be the one the parent supermarket/discount chain will use later this year when it makes its first move out of its home state and into Ohio to begin converting the 14 Twin Fair stores it bought from that troubled New York chain earlier this year for a reported $17 million.

Still, the move will be a big gamble for the chain. Not only is the discount format new, and the size of the Twin Fair stores smaller than the Thrifty Acres, but the chain is going into Ohio with only two tests of a broad-assortment, big-ticket (hard lines) mix under its belt. In addition, the tests, here and in a year-old unit in Kalamazoo—are in towns where the Meijer's Thrifty Acres stores are already a dominant force in the market.

(Although only one of the 14 takeover units is currently slated to become a Thrifty Acres, one source said the company would pair the two operations in future new market ventures. Headquarters personnel refused to comment.)

At a time when unemployment is at record levels in this part of the country, the chain is moving into Ohio, the state with the highest discount store count of any in the country. And where Meijer has competed primarily against K mart and its heavily private label program, it will be going up against Rink's, Ontario, Gold Circle, Hills, Harts and Swallen's in

(Continued on page 4)

Meijer Square, the new discount chain of Meijer's Thrifty Acres, packs parent's high-ticket, broad-mix (hard lines) mix into smaller, more productive but equally high-profiled stores. *(DSN photo)*

Ward Conversions Are Put on Hold By Prexy Pistner

CHICAGO—Stephen L. Pistner has called time out.

The move came as no surprise to industry watchers and analysts that Pistner, Montgomery Ward's new president and chief operating officer, has decided to indefinitely postpone the conversion program slated to transform 114 Ward stores to the discount Jefferson/Ward format by 1983. The conversion plan was first announced last August.

Most believed that the move was a logical one for an incoming president and ceo to take, adding that Pistner most likely wished to forge a more comprehensive strategy involving all phases of the Ward's operation.

The company announced that Pistner and Edward S. Donnell, chairman and chief executive officer, had called the halt in order to "go through a period of reassessment of the entire company."

Pistner took over Ward's top position in February, departing from Dayton Hudson as chief operating officer and president.

Observers expect the conversion program to continue once more if the operating wrinkles are ironed out at Ward's headquarters by Pistner and Donnell who have begun a detailed strategic planning process. The conversion is viewed by many as the only route Ward can take to correct its flagging profit performance and to regain the market share that has been slowly eroded by discounters as well as Sears and J. C. Penney.

However, few agreed on the steps Pistner will take after the conversion is completed.

Given Pistner's track record

(Continued on page 25)

Danners Bullish as Co-op $$ Fuel Big Ad Surge

INDIANAPOLIS—Danners (3D) is looking to increase chain volume 30% this year in a grab for market share, primarily through a revamped tabloid advertising program funded with cooperative dollars.

To minimize impact on gross margins, reductions in the number of items run will probably be effected later in the year after market share gains have been firmly established.

To get the year off to a hot start, however, frequency in the chain's preprint ad program is up 47% from the scheduled frequency midway through last year, in an advertising budget that has been upped more than 30%. Tabloids themselves are commonly up 50% in page numbers, featuring more items weekly, and use of four-color has been increased.

The most outstanding feature of Danners' heftier advertising budget is that it is largely fueled through manufacturer co-op dollars.

"We are now in the second year of going to national shows with a video presentation we have put together," said Danners' director of sales promotion Don Burrell. "We sit down with manufacturers and show them what type of program we would like to run with their product. It has worked out well. We had co-op dollars before, but we never aggressively tried to go get them."

Pursuit of co-op allowances from manufacturers has allowed Danners to climb from having 17% of its 1979 ad budget funded by co-op dollars to its goal of having 25% of the total funded this year.

In addition, some of the 10% general increases in costs which are pinching budgets industrywide are absorbed at Danners because as the chain has increased circulation of its tabloids, lower press run-on costs make each additional pre-

(Continued on page 7)

Chains Hatch Stores, Refine Merchandising Ploys

K mart's Price Stance Gets More Competitive as No. 2,000 Bows

KEARNY, N.J.—As the 2,000th K mart quietly opened here at press-time, the chain made known its intention to maintain its low-price image by stepping up price checking, and matching, of competition.

While no major publicity effort accompanied the opening, the 84,000-sq.-ft. store itself made news through further refinement of the upgraded fashion presentation that K mart first tested about 25 miles away in Lodi, N.J. The fashion format is now used in approximately 30 stores, including about 20 opened so far this year, although not in the smaller K marts, a company representative said. Lack of space for the more open presentation is believed to be the reason.

But it wasn't the new fixturing that was shaking up the competition.

It was the determination of merchandisers in this store and in neighboring New Jersey units to make sure that K mart could meet—if not beat—its competitors' prices on recognized name brand goods.

Trade observers speculated that this effort denoted K mart's thrust to strengthen its discount image by sharply pricing name brand goods—particularly hard lines—and relying on soft goods, private label, offbrand and unbranded items to generate higher gross margins.

One K mart store source said that the discounter would meet competitors'

(Continued on page 4)

K mart's upgraded ladies' wear section now uses 6½-ft.-high units to hold coats and long dresses. Fixtures are shown in new Kearny, N.J., store. They were added to Lodi, N.J., store, which tested the upgraded look. *(DSN photo)*

Western Wear Shop Is Inaugurated, Ceiling Fans Bloom at Wal-Mart

HOUSE SPRINGS, Mo.—The latest store in the Wal-Mart lineup, which opened here last month, follows the chain's familiar prototype designed for smaller stores in rural markets, except that electronics was moved up front, and new ceiling fan displays and a western wear shop were added.

The electronics department was repositioned from its center back-wall adjacency to the front in the lefthand corner to give it more visibility and reduce shrinkage. The department is now placed off the major traffic aisle that winds past the checkout registers and customer assistance booth, and leads to the entrance of the garden shop.

Other changes were focused on merchandising techniques, geared toward making a stronger play for the customer in this particular market, or to make a stronger statement in certain categories. For instance, the store included a men's and boys' western wear shop, featuring wooden cubes stacked with Wrangler jeans and dressed with cowboy hats and boots.

The store highlighted ceiling fans, a "red-hot" item for Wal-Mart, according to one store manager, with a POS information sign that spelled out the models' differences in price, style and features. A display model for each of the fans hung above the aisle. One Wal-Mart executive reported that the chain had been able to lower the prices while offering an upscaled mix.

(Continued on page 5)

Wal-Mart's new store in House Springs, Mo., is one of the first in the chain to corral western-cut jeans, boots and cowboy hats into a western wear shop in men's and boys' wear. *(DSN photo)*

Smaller Caldor Shaves All But Five Key Departments

TAUNTON, Mass.—The sales and profit productivity of housewares, hardware, radio and TV, gifts and domestics are so important that they are the only departments whose square footage remained intact when Caldor moved into a renovated ex-W. T. Grant store last month.

Other departments were cut back equally in area (not sku's), as the store, at 75,000 sq. ft., is smaller than most Caldors.

The adjacencies of housewares and major appliances were reversed to put housewares next to gifts, where tie-in sales are emphasized.

Planning focused on facing more goods on main aisles and optimizing available space. This included branching a feature aisle into women's wear, and painting far walls a darker color to bring goods visually closer to traffic aisles.

Most visible at this 69th Caldor, located in a shopping plaza between Providence, R.I., and Boston, is a new facade. It is designed to make the chain easily recognized as it solidifies its recent entry into the market between its Connecticut base and Massachusetts, where it now operates 16 stores.

First used in the South Worcester, Mass., store, finished two weeks earlier and also a Grant's takeover, the design will be part of all new stores.

Notably *not* visible at the newest store are brand name soft lines.

Amid speculation that Caldor could soon offer more branded soft goods with the help of new parent Associated Dry Goods, a chain spokesman observed that even with that possibility, such merchandise probably would not be introduced because it would dictate retails too high for Caldor.

Upscaled housewares decor, a feature in new stores since its debut in the chain's flagship renovation last year, is in evidence here: brick-look flooring, natural wood cube merchandisers and chrome pot hangers suspended overhead. The groupings surround a lifestyle vignette featuring home furnishings and decorative housewares. All appliance shelves are carpeted.

The adjacent gift department is carpeted and composed of islands which act as mini-boutiques. The length of the counters has been cut in half to

(Continued on page 5)

A new feature aisle branched off the main thoroughfare at the Taunton, Mass., Caldor to cut a clear path to more traffic in women's wear. More aisles also mean more goods can face aisles. *(DSN photo)*

In This Issue...

SCAN THIS. DSN introduces a new, regular feature: ADSCAN. It lists prices recently advertised by discounters, on 60 brand name items. (P. 7)

END GAME. Hep discounters are using high- and low-end goods to capitalize on the fast-moving hair notions market. (P. 7)

ADDING SPICE. New items helped move housewares in 1980, giving an assist to basics. (P. 14)

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Vol. 20, No. 9 May 4, 1981

HOUSEWARES

These housewares figures, for calendar 1980, were supplied by Myron Nickman Distributors, a division of Cook United, Maple Heights, Ohio, and cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount store clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
TABLETOP					
1	1	Expressions 20-pc set, Wildflower	4,834	52.65	254,510.10
2	5	Expressions 20-pc set, Indian Summer	4,414	52.02	229,616.28
3	2	Corelle 20-pc set, gold	7,140	31.00	221,340.00
4	4	Corelle 20-pc set, Woodland	6,450	30.86	199,047.00
5	3	Corelle 20-pc set, green	6,394	31.05	198,533.70
6	7	Expressions 20-pc set, Meadow	3,772	52.49	197,992.28
7	6	Corelle 20-pc set, blue	5,422	30.52	165,479.44
8	8	Corelle 20-pc set, white	5,568	28.95	161,193.60
9	—	Expressions 20-pc set, Batik	1,785	52.53	93,766.05
10	14	Corelle completer set, Woodland	2,195	15.53	34,088.35
11	10	Corelle completer set, gold	1,944	15.78	30,676.32
12	—	Expressions 20-pc set, Strawberry	596	50.41	30,044.36
13	—	Corelle 5-pc complete set, white	1,876	14.76	27,689.76
14	12	Corelle completer set, green	1,682	15.50	26,071.00
GLASSWARE					
1	1	Anchor Hocking 24-pc set, Nwprt gld	6,798	7.83	53,228.34
2	4	Anchor Hocking 24-pc set, Nwprt crstl	3,281	7.87	25,821.47
3	—	Anchor Hocking 5-oz jc, Th Tgh Ons	11,232	1.50	16,848.00
4	2	Libbey 6½-oz tall wine, Citation, 4-pk	4,074	3.99	16,255.26
5	5	Libbey 10-oz goblet, Citation 4-pk	3,768	4.00	15,072.00
6	3	Libbey 6½-oz red wine, Citation, 4-pk	3,504	3.99	13,980.96
7	14	Libbey 2-gal crystal milk bottle	748	1.23	9,200.40
8	12	Libbey 6½-oz sherbet, Citation, 4-pk	2,214	3.99	8,833.86
9	—	Libbey 12-oz pilsner, Citation, 4-pk	2,058	4.12	8,478.96
10	—	Libbey 12-oz bev, Valleybrook, 8-pc	1,494	5.59	8,351.46
11	—	Libbey 12-oz bev, Meadow, 8-pc	1,416	5.60	7,929.60
12	—	Libbey 1-oz cordial, Citation	1,986	3.99	7,924.14
13	—	Anchor Hocking 9½-oz gbt, Wxfd, 4-pk	1,410	5.57	7,853.70
14	7	Libbey 16-oz cooler, Gold Aster, 4-pk	2,796	2.76	7,716.96

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
COOKWARE					
1	—	Wear-Ever 8" chf pn, Bnty, Slvst, Alm	26,484	5.66	149,899.44
2	—	Chilton 7-pc set, Slvstn, Almond	3,209	26.68	85,616.12
3	—	Wear-Ever 10" chf pn, Bnty, Slvst, Alm	10,652	7.84	83,511.68
4	—	Wear-Ever 12" chf pn, Bnty, Slvst, Alm	8,874	9.27	82,261.98
5	—	Chilton, 11" saute pan, Slvstn, Alm	7,620	7.66	58,369.20
6	—	Wear-Ever 10½" sq gd, Bnty, Slvst, Alm	6,073	8.96	54,414.08
7	—	Wear-Ever 10" chf pn, Bnty, Slvstn, Alm	5,086	9.16	46,587.76
8	9	Gen House Granitware 18" oval rstr	5,682	7.07	40,171.74
9	—	Chilton 7⅞" saute pan, Slvstn, Alm	6,672	5.53	36,896.16
10	1	Wear-Ever 10" st pn, Premium, Slvst	3,532	9.14	32,282.48
11	7	Ekco 1" deep Baker's Scrt ckie sht	12,804	2.51	32,138.04
12	—	Chilton 11" griddle, Slvstn, Almond	4,088	7.49	30,619.12
13	—	Chilton 7½" fry pan, Slvstn, Almond	5,392	5.38	29,008.96
14	14	Ekco 9-pc bakeware set	1,794	14.66	26,300.04
GADGETS					
1	1	Rhodes timer, mini-minder	4,998	4.80	23,990.40
2	2	Swing-A-Way hand can opnr, chrome	7,692	2.77	21,306.84
3	—	Foley food mill	1,986	6.50	12,909.00
4	3	Frigidaire ice cube tray	8,880	1.37	12,165.60
5	4	Swing-A-Way hand can opnr, jr portable	8,712	1.39	12,109.68
6	7	Ekco paring knife	11,064	1.08	11,949.12
7	9	Range Kleen 6" reflector bib	5,940	1.96	11,642.40
8	10	Range Kleen 8" reflector bib	4,932	2.35	11,590.20
9	11	Ekco can opener w/bottle opener	11,748	0.91	10,690.68
10	12	E-Z Foil oven liner	7,404	1.36	10,069.44
11	—	Foley 10½" long rolling pin	2,418	4.03	9,744.54
12	14	Foley measuring cup set	2,672	3.54	9,458.88
13	—	Foley 9⅞" long rolling pin	3,372	2.67	9,003.24

(Continued on page 15)

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

New Items Add Spice To Basics

New products such as Corning Ware's French White line and Texize's 64-oz. Yes detergent provided the leavening for the traditional everyday items that accounted for the top sellers on Myron Nickman's nonelectric housewares Product Movement Audit for 1980.

Manufacturers and retailers used the new items to stir up consumer interest in housewares by playing them up in ads and in-store promotions.

But, the continued appearance of such staples as Rhodes timers and Lustro-Ware and Fesco trash cans provided the strength that retailers wanted from housewares. This continuity enabled discounters to accurately project stock needs and sales for these basics, thereby more productively using their inventory dollars to generate the greatest return on investment.

The end result of the mix of old and new housewares was an assortment of best sellers that featured fashion in home decor-oriented areas such as tabletop, and basics in such categories as cookware and bath.

The new items tended to be more evident in the fashion area. The Strawberry design for Expressions dinnerware was No. 12 on the tabletop listing; the French White Collection was No. 4 in Corning Ware, and the Autumn Harvest pattern showed up on three Pyrex items—Nos. 2, 3 and 14.

As for the staples that reappeared on the PMA, higher movement was particularly evi-

(Continued on page 15)

Panels Will Explore Improvement of ROI

NEW YORK—The National Retail Merchants Association will hold seminars on improving ROI through automatic inventory management, here and in Chicago.

The seminars will be run in conjunction with Coopers & Lybrand, an accounting firm. Leading the seminar will be the firm's national director of retail consulting, Robert Zimmerman.

Retailers Slated

Retail participants in New York (May 4-5 at the Barbizon Plaza Hotel) will be Mervyn Weich, senior vp at Zayre, and William Stapleton, director of data processing at Allied Stores. In Chicago (May 11-12 at the O'Hare Marriott) retailers will be Joel Nudelman, vp of EDP at The Limited Stores, and David Moeller, systems development manager at Weiboldt Stores.

The cost is $225 for NRMA members and $300 for others. For registration or information, contact NRMA at 100 W. 31 St., New York, N.Y. 10001.

GE Rechargeables. The now generation in profitable power.

The General Electric Rechargeable Battery System. Made for many of today's battery-powered electronic devices—and right for you with:

- Higher gross margins per sale than throwaway batteries.
- Repeat sales—1 charger can pull through 8 battery sales in a year.
- Average annual profits, in one case, as high as $11,985/sq. ft.*

A program with PULL

National print—full color, full page ad with $3 REBATE COUPON. Informing, educating, motivating your customers in major national magazines—over 18,000,000 coupons in the 4th quarter.

$3 Consumer REBATE

$1 off on each charger, each module with batteries and each battery package:

- In national print, pulling customers into your store.
- At POS on the new pre-pack display.
- In new ad slicks for peak selling season co-op.

TV—410,000,000 adult impressions

GE Rechargeables will be featured on America's most popular nighttime TV game shows.

The NOW battery means PROFITS

General Electric is building customer loyalty to GE Rechargeable Batteries. Telling America GE has a simple, convenient alternative to throwaways. Establishing brand preference with exclusive features like our Double Charger. BE READY to profit. One West Coast mass merchandiser reported estimated annual profit per square foot averaging $11,985.* This can become even more impressive with the impact GE's complete new program is generating. GE Rechargeable Batteries. Today's profitable alternative to throwaway batteries.

- New pre-pack merchandiser displays
- A great new co-op radio jingle and ad slick program
- Multi-million impression PR campaign...and more!

We bring good things to life.

GENERAL ELECTRIC

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

New Items

(Continued from page 14)

dent for lower-priced housewares and/or goods with perceived value, as consumers closely watched their dollars.

Cookware was a prime example. The top-selling items included one set, a Chilton 7-pc. offering with a SilverStone nonstick interior that had an average retail of $26.68 as No. 2 on the audit. The bulk cookware that accounted for the rest of the listing included five Wear-Ever Bounty items among the top six items, all of which had average retail prices under $10.

In the cookware report the previous year, bulk items from Wear-Ever's higher-priced Premium line accounted for the top three positions; this time the only item from the Premium line was a 10-in. saute pan in the No. 10 spot.

The demand for goods with perceived value was evident in the stepped-up movement of sets in glassware and large-size packages in cleaning chemicals.

In glassware, almost all the items on the report were sets, with 24-pc. offerings by Anchor Hocking capturing the top two spots. In cleaning and chemicals, sizes ranging from 32 oz. to 147 accounted for eight of the 14 listings, with three products in the 16- to 27-oz. range.

Larger-size garbage cans and wastebaskets were also strong sellers in plastics and Rubbermaid. In Rubbermaid, a 32-gal. Roughneck container was the No. 1 item, followed by a 20-gal. container. The lineup in plastics had seven trash cans in the 44-qt. to 32-qt. range,

(Continued on page 17)

HOUSEWARES

(Continued from page 14)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Lustro-ware 24-gal trash can	6,186	10.72	66,313.92
2	2	Fesco 20-gal trash can, avocado	8,436	6.62	55,846.32
3	3	Fesco 32-gal trash can, avocado	3,594	11.68	41,977.92
4	—	Lustro 24-gal Super Can, green	2,040	12.91	26,336.40
5	5	Lustro-Ware 12-gal container, springtop	3,672	7.01	25,740.72
6	6	Lustro-Ware 11-qt heavy duty pail	14,136	1.68	23,748.48
7	7	Lustro-Ware 44-gal wstebsket, flip-top	3,120	5.61	17,503.20
8	—	Eagle 110-oz oblong food saver	10,416	1.61	16,769.76
9	12	Alabaster dust pan	35,904	0.46	16,515.84
10	4	Lustro-Ware 44-qt rect wastebasket	4,008	4.06	16,272.48
11	9	Fesco 1½-bush octangle bskt, yellow	5,382	2.94	15,823.08
12	8	Lustro-Ware 4-pc bwl st w cover, yellow	5,436	2.83	15,383.88
13	—	Fesco 56-qt round wastebasket, gold	3,228	4.62	14,913.36
14	—	Fesco 1½-bush round wicker basket	5,760	2.55	14,688.00

CLEANING & CHEMICALS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Stick Goods 8" Roll-O-Matic mop	26,028	6.88	179,072.64
2	—	Texize 64-oz Yes	24,888	3.17	78,894.96
3	—	Purex 22-oz Sweetheart dish liquid	33,260	2.27	75,500.02
4	7	3M 16-oz Scotch Guard	18,060	3.52	63,571.20
5	8	D-Con Four Gone, single pack	20,340	2.54	58,521.60
6	9	Drackett 32-oz Windex refill	48,948	1.04	50,905.92
7	—	Drackett 32-oz indstrl strength cleaner	45,576	1.11	50,589.36
8	—	Murphy 32-oz liquid soap	28,224	1.76	49,674.24
9	4	Purex 147-oz heavy duty detergent	9,945	4.85	48,233.25
10	—	Stick Goods 8" Roll-O-Matic mop II	13,710	3.50	47,985.00
11	—	Johnson 27-oz Future	15,936	2.78	44,302.08
12	—	Texize 32-oz Glass Plus, refill	45,672	0.97	44,301.84
13	6	Johnson 46-oz Future	10,938	4.05	44,298.90
14	—	Texize 32-oz Fantastic w/sprayer	37,836	1.16	43,889.76

BATH SHOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	5	Selfix portable shower spray	2,742	6.62	18,152.04
2	3	Selfix shampoo spray	11,208	1.48	16,587.84
3	—	Gray Line large shower caddy, white	4,038	3.65	14,738.70
4	1	Ekco 18" towel bar, chrome	8,196	1.53	12,539.88
5	—	Gray Line shower caddy, white	5,388	2.14	11,530.32
6	4	Ekco toilet tissue holder, chrome	7,620	1.48	11,277.60
7	—	Hanson scale, Princess, white	1,544	6.89	10,638.16
8	—	Hanson scale, Wicker, brown	716	14.22	10,181.52
9	—	Hanson scale, Princess, gold	1,420	6.89	9,783.80
10	6	Ekco 24" twin towel bar, chrome	3,864	2.48	9,582.72
11	7	Ekco 24" towel bar, chrome	5,064	1.85	9,368.40
12	8	Selfix toilet tissue holder, plastic	8,868	1.05	9,311.40
13	11	Selfix twin hook, 2-pack	10,968	0.84	9,213.12
14	—	Empire bowl brush, plastic	12,840	0.70	8,988.00

RUBBERMAID

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	32-gal Refuse container, Roughneck	3,018	17.19	51,879.42
2	2	20-gal Refuse container, avocado	5,178	9.59	49,657.02
3	3	Covered wastebasket, chocolate	4,302	5.33	22,929.66
4	6	Delux dish drainer, orange	4,699	4.14	19,453.86
5	4	Covered wastebasket, gold	3,666	5.30	19,429.80
6	5	Ice cube tray, blue	34,848	0.55	19,166.40
7	7	Delux dish drainer, chocolate	4,578	4.16	19,044.48
8	12	15¾" Drainer tray, gold	6,090	2.94	17,904.60
9	14	10¾" hi Rect laundry basket, choc	4,554	3.74	17,031.96
10	—	Delux dish drainer, almond	4,080	4.13	16,850.40
11	—	10¾" hi Rect laundry basket, almond	4,350	3.72	16,182.00
12	8	12"x10" shelf liner, white	15,072	1.06	15,976.32

(Continued on page 17)

David's Readies New Prototype

TULSA, Okla.—David's is strengthening its base here by giving its name to an Oertle's store it owns and building a new prototype store in nearby Broken Arrow.

David's is a wholly owned subsidiary of MFY Industries with five stores in Wichita and one in Emporia, Kan., in addition to one in Tulsa.

David's, which reported more than $50 million in sales last year, has embarked on a multimedia advertising campaign featuring a character called "David" to introduce the name change of Oertle's, a 165,000-sq.-ft. discount membership store.

Meijer, Twin Fair Reach Firm Accord

BUFFALO—A definitive agreement has been reached by Twin Fair and Meijer regarding the acquisition of the Twin Fair retail discount division in Ohio.

Meijer has agreed to buy the inventory, fixtures and related real estate of the 14-store division.

Following the closing of the sale Twin Fair will operate 16 discount department stores in western New York and department stores in the Buffalo area.

GUESS WHAT WE'RE GIVING YOUR CUSTOMERS. FREE.

WHEN THEY PURCHASE FIVE SCOTCH VIDEOCASSETTES, WE'LL SEND THEM THE SIXTH--FREE.

Returned by popular demand—the new and improved Scotch giveaway. Be sure to stock up between April 20th and June 12th, 1981.

Here's how it works. Your customers buy a total of 5 Scotch Videocassettes from you. Enclosed in each cassette is a Customer Service Card. The customer mails us 5 such cards together with properly dated sales receipts no later than September 4th, 1981. We'll send back to the customer a free T-120 or a free L-500—whichever format the customer chooses.

WHAT A DEAL!

You get a ready-made traffic builder. You get special pricing on T-120 and L-500 cassettes. And *that* means you get bigger margins.

Also ask your Scotch Sales Representative about our newsletter, *Fast Forward*.

Now we ask you, is that a deal, or is that a DEAL?

This offer is limited to cassettes which are packed 10 per carton and sold for home use. Limit of 4 free cassettes per household. Offer does not apply to specially marked promotional packages.

SCOTCH® VIDEOCASSETTES. THE TRUTH COMES OUT.

3M

Discount Store News

PMA®

PRODUCT MOVEMENT AUDIT

New Items

(Continued from page 15)

with two 1½-bushel baskets and one 11-qt. pail.

The interest in large sizes wasn't limited to just trash cans. A 110-oz. Eagle Super-Seal food saver was No. 8 on the plastics report.

Gadgets and bath shop were the two categories that, overall, showed the least change, Ten of the best-selling items in gadgets had made the previous audit, while in bath shop, the count was eight out of 14.

Low price was the key to the repeaters' appeal. Almost all the items that scored on both years' audits carried a price tag of under $5—they were the inexpensive, extensively used housewares that homemakers replace with little concern because of the low price.

In the tabletop, Corning Ware and Pyrex categories, design and function were used to offset their relatively bigger tickets, compared with the lower price of other housewares.

In tabletop, Wildflower and Indian Summer continued as the hot Expressions patterns, capturing the Nos. 1 and 2 spots.

In Corning Ware, the growing interest in microwave cooking resulted in related cookware capturing the top three spots, while the new French White design showed up as No. 4.

Pyrex goods with baskets captured the Nos. 1 and 4 places, while items with the Autumn Harvest designs were Nos. 2 and 3, a mix of top sellers that denoted the interest in fashion and function.

HOUSEWARES

(Continued from page 15)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		CORNING WARE			
1	6	Grab-It 4" set	8,211	12.59	103,376.49
2	4	Microware browning grill	5,381	16.95	91,207.95
3	14	Microwave set	1,860	29.26	54,423.60
4	—	French White Collection	2,149	22.97	49,362.53
5	—	Kitchen Starter set, Wildflower	1,721	26.94	46,363.74
6	—	Kitchen Starter set, Cornflower	1,635	24.28	39,697.80
7	3	Menu-ette set, Cornflower	2,670	14.03	37,460.10
8	13	Kitchen Starter set, Spice	1,274	27.50	35,035.00
9	—	3-qt Saucepan, Spice	2,403	14.28	34,314.84
10	—	Open Roaster, large, Cornflower	2,131	15.55	33,137.05
11	—	2½-qt Casserole, Spice	2,315	13.52	31,298.80
12	2	Sidekick	5,913	5.17	30,570.21
13	1	Grab-It bowls	4,180	6.93	28,967.40
14	11	Menu-ette set, Wildflower	1,501	18.09	27,153.09
		PYREX			
1	5	3-qt Oblong bake dish w basket	4,755	10.23	48,643.65
2	—	3 pc Casserole st, Atmn Hrvst	4,238	11.12	47,126.56
3	—	4-pc Bowl w hndl st, Atmn Hrvst	4,711	9.95	46,874.45
4	6	2-qt Casserole w basket	2,384	10.29	24,531.36
5	1	3-qt Oblong bak dish	6,114	3.92	23,966.88
6	—	Sprout Farm kit	2,280	8.02	18,285.60
7	—	3-pc Mixing bowl set, clear	3,324	4.42	14,692.08
8	13	3-pc Mix bowl set, Woodland	2,035	7.20	14,652.00
9	—	4-pc bowl set w handle, Woodland	1,385	10.42	14,431.70
10	15	2-qt Oblong bake dish	4,038	3.56	14,375.28
11	—	3-pc Mixing bowl set, gold	2,004	6.86	13,747.44
12	—	3-pc Casserole set, gold	1,218	11.23	13,678.14
13	9	1-pt liquid measure	6,744	1.97	13,285.68
14	—	3-pc Mixing bowl set, Autumn Harvest	1,811	6.93	12,550.23

Richway to Tackle Hills For 1st Time With Two Debuts in S.E. Tennessee

CHATTANOOGA, Tenn.—Drawn by the area's demographics, Richway will make its debut in this southeastern Tennessee market this month with the opening of two 85,000-sq.-ft. stores.

Richway will thus take on Hills for the first time, with particularly heavy competition expected in soft lines. In hard lines the chain will be facing Zayre and K mart.

At the same time, Richway is gearing up to increase sales and labor productivity by lifting gondola runs higher and piggybacking checkouts in the two new stores. Both efforts, management hopes, will increase sales per square foot from the current $94.55.

Richway executives said the area was a natural for expansion because of its lower-than-average ratio of sales floor square footage per capita. Exact figures weren't available, but executives said it was a smaller number than in either of the Atlanta-based chain's two other out-of-state markets—Columbia, S.C., and Charlotte, N.C.

Don Love, vice president for merchandising, said the market has a high proportion of Richway's "target" customer—a white-collar professional.

Love said the chain, particularly with its Athens, Ga., prototype, has been aiming for a more upscale customer.

Both of the two new Tennessee stores will be similar to the Athens prototype, which uses darkened ceiling tiles, wood-finish cornices and maroon carpeting to fashionably accentuate its apparel department.

Love said this new look, plus a brand name/basic apparel program, should strengthen the discounter's attack on Hills' solid soft lines business.

Richway executives said there would be no changes in merchandise presentation in the Chattanooga market, but hinted the chain might increase its advertising.

Hills' executives said they would battle the newcomer by introducing their "Inflation Fighter" program into the market.

Under that program, signs identify promotionally priced items, and list both Hills' price and the best price offered by a competitor.

Duckwall-ALCO: Year's Biz Up 1%

ABILENE, Kan.—Sales at Duckwall-ALCO were up a modest 1% for the fiscal year ended Jan. 31.

Sales were $174.6 million, up from $172.8 million the year before. Net earnings for the year were expected to be down 23% from the year before. Preliminary figures show the chain's net income to be $3.35 million for 1980, compared to $4.38 million in 1979.

A change to LIFO accounting significantly reduced earnings reported for the year, and president Robert Soelter also mentioned reduced farm income as among factors contributing to a slow year. The company did get significant benefits from a security program that reduced retail shrinkage from 2.48% of sales to 1.54%.

Correction

A recent story in *Discount Store News* overstated gross margins achieved at two departments at Roses. The correct gross margin of the greeting card/wrap department is 50%-51%, and that of the H&BA department is just under 24%. DSN regrets the error.

ANOTHER HOT SCOTCH® CASSETTE PROMOTION:

3 DYNARANGE™ CASSETTES FOR THE PRICE OF 2.

SPECIAL 3-BAG OFFER TO BEGIN APRIL 20th.

Here's an opportunity to increase volume with a promotion that really has a lot going for it. It features our popular high output ferric oxide Dynarange C-90 Cassettes. Dynarange Cassettes are a sales leader. But now—with their special price of three-for-two—they'll move even faster.

WHAT'S IN IT FOR YOU?

When you buy into this Dynarange promotion you get savings of one-third—savings that you can pass on to your customer. That should mean turns and profits.

IT'LL PAY TO ACT NOW.

The buy-in period for this promotion begins April 20th and ends June 12th, 1981. For as long as supplies last. You don't want to miss this one.

For details about this Dynarange promotion, including additional buy-in incentives, talk to your Scotch Cassette salesperson.

SCOTCH® CASSETTES. THE TRUTH COMES OUT.

3M

Editorial

Turning Point: Growth Will Require Imagination, Daring

"A Turning Point" is the theme of this year's National Mass Retailing Institute convention. According to Webster, a "turning point" is a point at which a significant change occurs—and we can certainly see 1981 and the convention itself as two such times of significant change.

Growth in our industry used to come easily—almost too easily—making some complacent. Profits came along with the annual double-digit sales increases that resulted from store growth and expanding mixes.

But it's not going to be so easy from now on. New stores are more and more expensive to open, and the ROI increasingly tougher and slower than in the past. Sales productivity in existing stores must come at always-faster rates just to keep pace with escalating operating costs. Real gross margin dollar growth, either as a per cent of sales or in absolute volume, is more elusive now than ever before.

Growth by acquisition presents its own set of problems, and represents not so much a real expansion of the industry as a consolidation of the industry's leadership.

So we have arrived at a turning point, a point at which some significant change must come in the industry to encourage and enable discount retailing merchants to begin the second golden era of chain discounting. A "turning point" that should become a "point of no return"—beyond which there can be no reversal of our course, no reduction of our speed and no end to the greater dominance of discounting in general merchandise retailing.

There is little agreement among the leaders of the industry on exactly what the right path is—which is as it should be. Nothing should stifle the creative merchandising that has brought discounting to the top of the heap.

However, there are broad arenas in which discount department store chains will be competing in the next decade and beyond. Name-brand fashion rtw comes to mind, and more and more sophisticated hard lines that now remain in the province of the specialty retailer—home computers, perhaps.

Other forms of retailing—nonstore electronic merchandising, mail order and catalog, for example—will become important enough to require involvement by the discount department store chains. Corporate, if not retail, growth can come from diversification into consumer goods manufacturing, leisure industry services or other nonretailing opportunities.

Discounters need to examine all the options. Surely, gross margin dollar productivity and cost control must get top priority; but long-term growth will require more than those relatively simple controls. It will take imagination and daring—just as discounting required in its earliest years—and entrepreneurs willing to roll the dice.

—Doug Stinson

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Segall, Goldberger Honored

(See story, p. 161.)

Maurice Segall
President, ceo, Zayre; Elected Discounter of the Year

Herbert H. Goldberger
Founder, ex-chairman, Hills; Elected to discount retailing Hall of Fame

470 '81 Openings Eyed by 40 Of Top Chains as Pace Slows

Nationwide DSN Report

The pace of new-store growth in the industry has slowed appreciably under the double burden of reduced 1980 earnings and continued high interest rates.

A poll of 40 of the largest discount department store chains reveals 470 planned openings in 1981—a gain of approximately 8.2% on the base of 5,705 stores operated by those chains at the end of 1980. About half of those stores have already opened.

But much of that planned 1981 growth is acquisitions, which do not enlarge the industry store base, and some of the openings will be offset by planned store closings this year. (See footnotes to Cook United, Meijer, Woolco and Pamida in the chart, p. 162.)

Of special note in the 1981 expansion plans is K mart's recently announced decision to moderate its store-opening plans, revising the usual 10% store growth prediction of last year (which would have produced almost 200 new stores) down to "150-170" stores in 1981.

K mart is coming off a year in which a sharp earnings decline reduced the expansion war chest, and is opting for the quicker ROI of its upgraded remodels. Reduced capital expenditures and greater sales productivity in the remodels have encouraged K mart to project 350-400 remodels this year.

Of all the largest chains, Target and Wal-Mart have the most aggressive plans for 1981. Target, before the 41-store Ayr-Way acquisition has been digested, still plans on opening 13 new stores this year, and (if those projections are met) will end 1981 with more than 150 stores—almost double the chain's size before the Ayr-Way buy.

Wal-Mart is projecting 60

(Continued on page 162)

Howell Is Named CEO at Big K; 6 Stores Are Sold to Wal-Mart

NASHVILLE—Jack Kuhn, chairman of Kuhn's Big K, has relinquished his chief executive officer title to J. Owen Howell, a residential land developer and furniture retailer who has been a member of the board of directors since 1979.

Howell, who spent 33 years at Genesco, including 1968-73 as president of that Nashville-based chain, was also named to the new position of chairman of the executive committee at Kuhn's Big K.

Jack Kuhn retains his chairman of the board position, and Gus Kuhn will continue as president and chief operating officer.

"We've been negotiating [the position] for months," said Howell. "There's a lot of work to be done, and they needed some help," the new ceo explained, when asked why the move was made at this time.

Meanwhile, the still-smoldering Wal-Mart/Big K deal, which had been prematurely declared dead by Big K chairman Jack Kuhn, has produced some sparks. Wal-Mart has acquired six Big K sites in Kentucky, Alabama and Missouri, and more heat may be evident later. Wal-Mart president Jack Shewmaker expressed an ongoing interest in other Big K sites, but Kuhn and Howell continue to deny that there are any other ongoing negotiations.

The acquired stores are five 50,000-sq.-ft. sites in Mayfied, Ky., Sikeston, Mo., and Talladega and Huntsville (2), Ala., and a sixth store of 70,000 sq.

(Continued on page 161)

Next Year: San Diego

NEW YORK—Plans are already in motion for next year's NMRI convention to be held at the Town and Country Resort in San Diego, May 15-19.

In 1983, the convention will be held at the Fairmont Hotel in New Orleans, May 21-25.

K mart Prunes Bows to 150-170 But Plans 400 Refurbishments

TROY, Mich.—K mart has reduced its projected new-store openings for 1981 by 15%-25%, to "150-170 stores," but will step up its upgraded remodeling program to finish as many as 400 refurbished stores by year's end.

"At least 400 refurbishments a year" are planned every year after 1981, according to the chain. Chairman Bernard Fauber cited increased financing costs and a stronger emphasis on the remodels as reasons for the change.

The faster ROI of the remodeled stores and the greater profitability of increased sales productivity in existing stores make K mart's choice easy; after a year in which earnings declined sharply, due to a substantial increase in combined selling, general, administrative and interest expenses, the chain must achieve its volume growth through enhanced same-store sales and reduce its interest expenses in order both to restore profits and maintain volume growth.

Still, if K mart opens the maximum projected total—170 new stores—the chain will exceed the industry average growth of store count. In the growth forecast story in this issue, 40 chains are predicting 470 new stores this year on a base of 5,705, an 8.2% gain. Take K mart out of the totals, and you have 39 chains predicting 300 openings on a base of 3,820 stores—a 7.9% rise. K mart's planned 170 stores on a base of 1,885 K marts (United States, Canada and Caribbean) is a gain of 9%.

Other steps at the chain to improve its profitability include re-examination of its white goods business, with the possibility that the capital-intensive department may be phased out, at least in some rural stores, and modified to eliminate derivative lines now carried in the mix. K mart store

(Continued on page 161)

Our Biggest NMRI Convention Issue Ever!

Based on Operating or Pretax Income

16 Discounters' Average Earnings: 3.13% of Biz

Chain	Sales (in millions) for year ended in 1980	Sales (in millions) for year ended in 1981	Income (in millions) for year ended in 1980	Income (in millions) for year ended in 1981	Income as % of sales
Caldor[2]	$ 562.8	$ 666.5	$ 37.900	$ 41.100	6.2%
Wal-Mart[2]	1,248.0	1,643.0	74.300	99.300	6.0
Target[1]	1,121.0	1,530.0	NA	91.000	5.9
Zayre[1]	1,344.6	1,347.8	52.200	50.900	3.8
ALCO[2]	172.8	174.6	8.100	5.800[3]	3.3
K mart[2]	12,731.1	14,204.4	624.600	436.400[3]	3.1
Jamesway[2]	242.4	273.3	12.000	6.800	2.5
Murphy's Mart[2]	756.9	803.7	18.800	17.800[3]	2.2
Roses[2]	498.0	526.3	16.400	11.400[3]	2.2
Venture[1]	536.1	560.9	8.000	12.000	2.1
Woolco[1]	3,540.0	3,754.0	78.000	61.000[3]	1.6
King's[2]	572.8	729.7	27.400	6.400	0.9
S. E. Nichol's[2]	217.1	224.6	7.300	0.150	0.1
Danners[2]	107.7	118.3	0.450	(0.386)	(—)
FedMart[2]	977.2	1,061.1	(22.500)	(7.400)	(—)
Two Guys[2]	733.4	615.5	(1.400)	(5.800)	(—)
Total		26,856.7		840.050	3.13% Average

[1]Operating income. [2]Pretax income. [3]Includes variety stores and/or other retail holdings. NA—Not available. ( ) Loss.

In a representative sampling of 16 discount store chains, the average income as a per cent of sales in the last completed fiscal year was 3.13—just ahead of the 3.07% the industry's volume leader, K mart, posted. Caldor led with a whopping 6.2%, followed closely by Wal-Mart and Target. Danners, Two Guys and FedMart, which all finished the year in the red, fell to the bottom of the list.

Gold Circle to Shut All 7 Calif. Stores

SUNNYVALE, Calif.—Gold Circle, the Worthington, Ohio-based discount division of Federated Department Stores, is abandoning the California marketplace.

The discounter is continuing expansion in the Midwest and Northeast where it has its remaining units.

The chain's four San Jose stores and three units in Sacramento will be vacated by early July, according to James Guinan, Gold Circle president. He added that the California stores' lack of a strong market presence and their poor volume and profit performance precipitated the decision.

While Guinan didn't disclose exact figures, he said annual sales in a typical California store were "a number of million dollars less" than the average volume of the 35 remaining stores in New York, Ohio, Pennsylvania and Kentucky.

The Western division has had great difficulty in establishing a strong presence in the California marketplace, and the fact that the two clusters of units were separated by approximately 150 miles didn't help.

"We obviously had to be in considerably more locations" to make Gold Circle's presence known, Guinan said, or "pull out."

Executives at the parent company said earlier that unless significant profit improvement was forthcoming from the California stores, no expansion was planned.

Gold Circle stores outside California average sales of about $10 million per unit, with total sales about $400 million.

The California units contribute an estimated 10% to total volume, or approximately $40 million in sales annually, making average store sales about $7 million.

While comparable-store sales in California had been running better than in Ohio, the West Coast units' bottom-line performance remained disappointing.

"While the potential [of the California stores] was enormous, it was never realized," Guinan said. "They had very far to go to improve."

Gold Circle entered the California market with three stores in Sacramento in 1976. The four San Jose stores were opened a year later. However, no further expansion occurred on the West Coast for the units, which average about 100,000 sq. ft.

In 1978, the discounter closed its West Coast regional buying office, primarily because of the overhead incurred for so few stores.

Gold Circle's expansion plans call for a new unit this year in Cleveland, where it already had eight stores. At least two new stores are due in 1982, one in Pittsburgh where there are already four Gold Circles, and one in Rochester, where the chain has three.

Discounters Housewares Leader Despite Ambiguous Mfr. Poll

CHICAGO—Discount stores clearly continue to be the leading retailers of housewares—accounting for substantially more than 12% of manufacturers' sales to retailers—but the industry's exact market share was thrown into confusion in the National Housewares Manufacturers Association's latest survey.

The survey, for the first time, broke out discount stores as a separate classification, in addition to three major retailer types tracked in past studies: conventional department stores, catalog showrooms and mass merchandisers.

The confusion was due to uncertainty among manufacturers about what constitutes a mass merchandiser.

That type would seem to be the retail leader, accounting for 29% of manufacturers sales to retailers, followed by catalog showrooms and department stores, each with 12% and then by the new discount store classification at 8%.

But the association, in response to numerous requests, attempted to find out what a mass merchandiser is in a mini-survey conducted as part of the larger study.

In the mini-survey, nine major retailers were listed and manufacturers were asked to identify these companies as being either a mass merchandiser; discounter; department store; catalog showroom; variety store; others, or don't

(Continued on page 162)

Producers Confuse Types of Retailers

Chain	Mass Merchandiser	Discount Store	Department Store
K mart	52%	43%	1%
Target	36	54	1
Venture	36	44	2
Zayre	36	52	3
Woolco	36	45	3
Woolworth	15	12	2
Sears	28	1	54
Penney	28	1	55
Ward	32	2	46

(Source: National Housewares Manufacturers Association)

Manufacturers have different perceptions as to the retailing nature of various chains. The chart shows what percentage of housewares manufacturer respondents conceive of the listed retailers. The variety store figure (not listed) for K mart was 4%, Woolco 14% and Woolworth 69%.

Budget Cut Wouldn't Ax Most Current FTC Probes

WASHINGTON—Faced with budgetary cutbacks, the FTC will still be able to continue most of its current investigations, according to the commission's acting chairman.

In recent testimony before Congress, however, David A. Clanton noted that the proposed 10.9% cut would substantially reduce the ability of the commission to initiate new rulemaking or investigation activities.

President Reagan's Office of Management and Budget has recommended that the agency's 10 regional offices be eliminated over the next three years. But Clanton, emphasizing that nearly all of the more than $100 million obtained by the agency during the last three years in redress for consumers came from cases handled by the regional offices, stressed the FTC's desire to continue these offices.

Concerning the FTC's antitrust emphasis, Clanton, added, there will be particular stress on health care and energy related issues.

He noted that the commission will continue to enforce disclosures on such energy subjects as home appliance energy consumption. Among other efforts of the agency mentioned by Clanton will be scrutiny of ad claims for over-the-counter drugs and enforcement of a number of Federal credit statutes.

The 1982 budget proposal, he continued, reflects decreasing emphasis on detailed regulations. The allocation of agency resources for industrywide rules has therefore been cut by 61% from the 1980 level. Clanton also pointed out that the agency plans a 180% increase in the resources allocated for analysis of the "economic and regulatory impact of proposed final rules."

New Dates Due For Govt. Affairs Parley of NMRI

NEW YORK—The third annual NMRI Government Affairs Conference, originally scheduled for March, will be rescheduled for either July 15th and 16th or Sept. 16th and 17th.

One of the major features of this conference is the scheduling of meetings between retail executives and members of Congress. Because of the Congressional calendar, there are a limited number of available dates, including the two now under consideration.

Interested members should make their preferences known by contacting Kevin Shein at the NMRI, 212-354-6600.

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Vol. 20, No. 10 May 18, 1981

40 of Top Chains Plan 470 '81 Bows

Chain	Total Stores, Dec. '80	Openings Planned in 1981	Projected Total Stores, Dec. '81
K mart	1,885	170	2,055
T.G. & Y.[a]	505	36	541
Woolco[b,1]	337	11	348
Wal-Mart	326	60	386
Zayre	248	5	253
King's[c]	240	—	240
Pamida[1]	197	5	202
Roses[d]	180	8	188
Target[e]	139	13	152
Ames	104	8	112
Murphy's Mart	103	5	108
Howard Bros.	96	5	101
Bradlees	89	7	95
Heck's	86	10	96
Gemco/Memco	83	6	89
Hills	83	10	93
Cook United[f]	75	47	122
ALCO	73	7	80
Fed Mart	67	—	67
Fred Meyer	67	2	66[g]
Caldor	65	7	72
Fishers Big Wheel	65	8	73
Jamesway	63	4	64[k]
Magic Mart	49	—	49
Two Guys	49	—	49
Jefferson/Ward	46	7[h]	53
Venture	45	—	45
S. E. Nichols	43	—	43
Gold Circle	42	—	42
Zodys	41	4	45
Grand Central	33	1	34
Meijer[i]	30	14	44
ShopKo	30	2	32
Danners	29	1	30
Richway	21	2	23
Gee Bee	19	1	20
Prange-Way	17[j]	1	18
Times Square	14	—	14
Clover	13	2	15
J. W. Mays	8	1	9
TOTALS	5,705	470	6,167

[1]May be partly or completely offset by planned store closings.
[a]Includes discount department stores only.
[b]Includes U.S. Woolco stores only.
[c]Includes the acquisition of 63 Barkers stores.
[d]Discount department stores only, does not include 58 P. H. Rose variety stores.
[e]Includes the acquisition of 41 Ayr-Way stores.
[f]Includes the acquisition of 47 Rink's stores.
[g]Openings are offset by three stores closed in 1981.
[h]The planned further expansion of the Jefferson Ward chain was on hold at presstime
[i]Includes the acquisition of 14 Twin Fair stores.
[j]Includes full-line, freestanding stores only.
[k]Reflects closing of three stores.

In spite of the uncertain economy, these 40 chains are planning to add 470 stores in 1981, a gain of 8.2% over their count on Dec. 31, 1980. *(DSN research; some figures are estimated.)*

(Continued from page 1)

openings.

Both chains are benefiting from just-completed fiscal years in which sales and earnings increases outdid the industry's.

Jefferson/Ward, another chain with aggressive growth plans, has already added seven stores to its count this year. But the chain originally had announced more than 100 conversions from Montgomery Ward to Jefferson/Ward over 1981-83, and then backed down to only 16 conversions this year. Now Jefferson/Ward has been put on hold by new Ward president Steve Pistner, who needs time to take a close look at the plans. Most observers feel that his hold on the expansion of Jefferson/Ward is temporary, however, and that an even more aggressive plan may result from Pistner's input.

Store closings are a major factor in the 1981 industry growth forecast, as both Woolco and Pamida indicate that planned openings (11 at Woolco U.S., five at Pamida) are likely to be offset by planned closings. In fact, Woolco closings may well exceed the 11 new stores, and result in a net decline in store count for the nation's second-biggest volume chain. The closings are part of the chain's continuing efforts to increase sales and gross margin dollar productivity in its existing stores.

Those chains which were most successful in 1980, and which are now able to maintain an aggressive expansion program, will be well positioned to increase their market penetration and share of market this year. They may start 1982 with a built-in edge over chains less able to expand their market share in 1981. The impact on earnings at those chains is still to be seen, however, and 1981 could turn out to be the laboratory in which two opposing strategies will be tested.

Union Executives Await Results Of Independent FedMart Audit

SAN DIEGO—The independent audit of FedMart's books, requested by unions representing some 11,500 FedMart employees, is expected to be turned over to union officials shortly.

The audit, by the Touche Ross accounting firm's San Diego office, has been completed, according to Retail Clerks Union (RCU) officials, who said the firm is analyzing its findings.

Union officials insisted on the audit after FedMart asked for a wage freeze because of the company's financial troubles. The 68-unit discounter reported losses of almost $15 million over the last five quarters.

The unions were upset with FedMart's wage freeze request because despite the fact that the chain froze management salaries, the unions pointed to raises three corporate executives received Nov. 3.

Three RCU locals in California—1167 (San Bernardino/Riverside), 1428 (Pomona) and 1222 (San Diego)—have received strike authorization votes from 2,000 FedMart employee/members. Union officials are in a "wait and see posture" pending the audit results.

The union reps have said, however, if the audit bears out FedMart's claims, they will go back to their membership and ask for the financial relief the discounter has requested.

Whatever settlements are ultimately agreed upon will set a precedent for other contracts with FedMart, which are due to expire throughout the year with the RCU, the International Brotherhood of Teamsters and the United Food and Commercial Workers locals.

If contracts aren't ironed out by July, it's expected that RCU Locals 324 and 7070, whose contracts expire July 5, will also join the existing negotiations. Eight of the nine southern California RCU locals have

Cook Stock Dividend

CLEVELAND—The board of directors of Cook United has declared a 6% common stock dividend, payable May 15 to shareholders of record May 1, 1981.

The stock dividend was declared instead of the usual annual 15¢ cash dividend in order to conserve cash following the recent acquisition of the 47-store Rink's chain.

Corrections to the Sears preprinted supplement in the April 29, Wichita Eagle-Beacon.

Page 1. The misses' budget shop tank tops for $1.99 are not available due to production problems. The misses' budget shop shorts for $1.99 may not have arrived in some of our stores due to shipping delays. Rainchecks will be issued. The Tirpolene paint remover has the savings incorrectly stated. It should have read 30%. The plastic planters for savings is incomplete . . . it should read 34% to 1/2 off. The full figure size panty hose may not be available in all stores.

Page 2. The travel companion set has the regular price and sale prices reversed. The travel bag should read regular $52.99 for $39.99, the underseater regular $31.99 for $24.99.

Page 3. The men's denim jeans are priced incorrectly. The unwashed should read regular $14.99 for $10.99. The prewashed should read regular $16.99 for $12.99. The savings of $4 is correct.

Page 5. The NBR 91715 stereo has the savings incorrectly stated. It should read save $30. The NBA 60021 side-by-side refrigerator is incorrectly priced. It should read $499.

Page 6. The NBR 1902 broadcast spreader savings is incorrect. It should read save $3.

Page 8. The NBR 84891 chandelier had the regular price left out. It should state sold for $159.99 in Nov. of 1980. The NBR 9744 lawn mower is incorrectly priced. The savings should be $70. Regular $469.95 for $399.99.

The NBR 90783 lawn mower regular price and savings is incorrect. It should read save $40. Regular $219.99. The sale price of $179.99 is correct. Sears apologizes for any inconvenience this may cause Sears customers.

Sears

Oops!

As publishers, we're all-too familiar with the gremlins that creep into the printing presses from time to time, and wreak havoc with the printed word. Sears experienced some of that despair when the numbers went crazy in an ad insert in the Wichita, Kan., *Eagle-Beacon*. The correction was printed in the same-day issue of the paper. (Dick Schott, president of Merchants' Buying Service in New York, spotted the correction and sent it along to DSN.)

Housewares

(Continued from page 2)

know/unfamiliar.

This survey showed that among the discounters tracked, K mart, Woolco, Target, Venture and Zayre were individually perceived by some manufacturers as a mass merchandiser and by others as a discounter.

Adding to the confusion was the fact that Sears, Penney and Montgomery Ward were perceived as both a mass merchandiser and department store. Woolworth was clearly identified as a variety store, but was also targeted as a mass merchandiser and a discount store.

Joseph S. Adler, president of Bee Angell & Associates, which conducted the annual survey for the NHMA, told DSN that "you can't apply the manufacturers' perception to the survey's hard percentage figures to get an exact percentage figure for discounters. All we know is that discounters account for more than 12% (of manufacturers' sales to retailers) but we can't get an exact figure of how much more."

He explained that there wasn't any way to weight Sears', Penney's and Ward's shares of the mass merchandiser total and assign that percentage to the department store classification, with the remaining share going to discounters, where it most likely belongs.

The uncertainty over retailer types didn't extend to where manufacturer sales were going: Retailers accounted for 81% of manufacturers' $17,484,000,000 sales in 1980, while wholesalers' share dropped to 19%.

Sales to retailers increased 9.5% from 74% in 1979, while sales to wholesalers dropped 26.9% from a 26% share. Total manufacturer sales in 1979 were $15,579,000,000 and increased 12.2% in 1980.

Rebates

(Continued from page 23)

store location, such as the customer service desk, for shopper convenience. Other retailers are also using the idea.

At K mart, the rebate coupon for the chain's own drip coffeemakers, and for other traffic appliances, are supposed to be obtained at the appliance department service desk. But, employees in a number of K marts have attached the coupons to the rebated item's boxes to reduce their work.

The Zayre executive called the chain's rebate program fairly successful:

"Customers are used to rebates and find them attractive."

Zayre has put up most of the money for its rebates, treating the cost as a promotional expense. It has used manufacturer funds in a limited number of cases, the executive said, when use of the monies "didn't mean the vendor was dictating our ad program, something we never allow."

Different Procedures

He said Zayre had to learn how to run its rebate program, and that the chain's expenses ranged from the cost of printing the coupons to writing up the check with an individual's name and mailing it out.

He added that the merchandising and operational problems included having enough rebate coupons on hand in a store, accurately forecasting sales and handling any customer complaints.

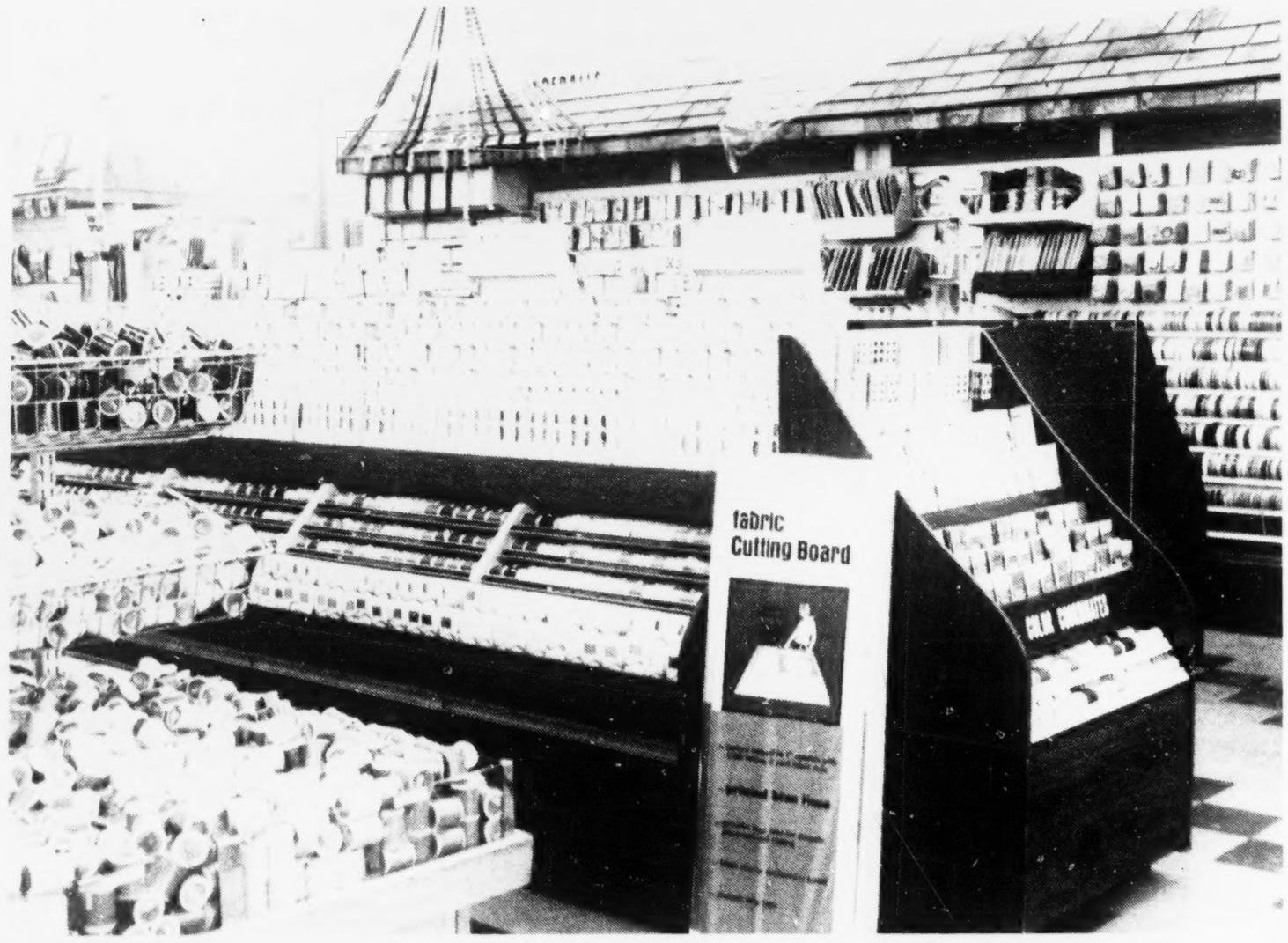
NMRI Convention Perspective

T.G. & Y. Increases Centralized Control of Widening Store Base

T.G. & Y.

Year	Net Sales (millions)	% Gain	No. Stores*
1980	$1,683.5	12.5	505
1979	1,497.0	20.6	483
1978	1,241.0	18.9	453
1977	1,043.6	14.2	424
1976	914.1	—	407

*Discount stores only



To maximize store productivity, T.G. & Y. recently trimmed fabric departments 12% in its largest-sized stores. The category contributes 8%-10% of chain volume. *(DSN photo)*

OKLAHOMA CITY—All systems are go at T.G. & Y. The chain's program to convert all stores to a typical layout will be finished this summer—giving headquarters more centralized control of its ever-widening store base.

Experiments with computerized POS replenishment system continue, and work has begun on a new, upscaled and more productive store prototype.

T.G. & Y. failed to meet performance projections set down in its five-year- plan as a result of last year's recessionary business climate, according to chain executives. For the year ended Dec. 31, 1980, sales jumped 12.5% to $1.684 billion, but chain executives had hoped that figure would be closer to $2 billion. Sales per square foot, expected to reach $89.07 by the end of 1980, only rose 0.9% to $81.82 per square foot.

Same-store sales climbed 5.84% from the year before—but T.G. & Y.'s same-store sales have been clocking 10% increases for the last few years.

T.G. & Y.'s store expansion will be channeled into the prosperous South and Southeast, with Louisiana, Georgia and Alabama receiving the largest chunk of new stores. The chain plans to open 36 new stores during 1981. In addition, the chain beefed up its Carolina store cluster with the purchase of 20 Crest stores. There are 16 T.G. & Y. stores in North and South Carolina and four more are planned this year.

T.G. & Y.'s California division will also receive a booster shot in store count with the opening of two new Super Stores there this year. Currently operating 98 stores in that area, T.G. & Y. has not expanded its store foundation in California for the last five years. The two new stores will be located in suburban Los Angeles and San Francisco.

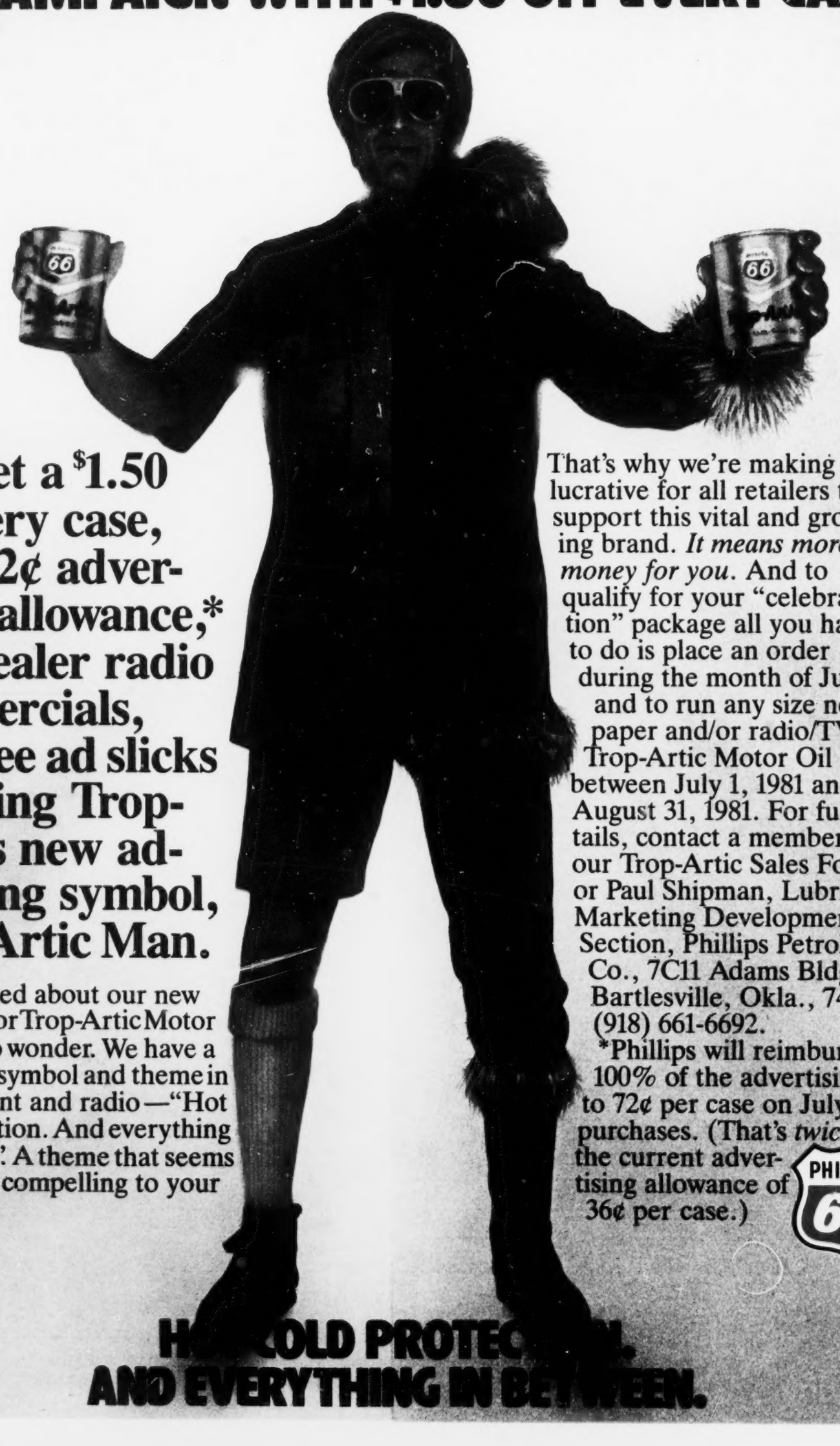
T.G. & Y. has created a new prototype that makes major departures from its familiar layout. Merchandisers and store operations executives are working together now to select three nonmetro markets with strong competition to test the new layout.

The biggest change in the new prototype is the elimination of feature tables, once heavily used in T.G. & Y. stores. The move comes in the wake of the chain's decision to cut feature tables by 25% in its existing stores earlier this year.

Andy Collins, vp of merchandising, feels there are better ways to use that productive space, adding that the sales per square foot no longer justified the heavy use of the tables. "There is too much space in a 15-ft.-wide aisle with a table," he said. "We can squeeze that down to an 8-ft. aisle and get more display space in."

Other measures the chain has taken to improve productivity include the reduction of square footage of the chain's fabric department to accommodate an expansion of upgraded domestics.

THIS JULY CELEBRATE TROP-ARTIC'S NEW AD CAMPAIGN WITH $1.50 OFF EVERY CASE.



You get a $1.50 off every case, plus 72¢ advertising allowance,* free dealer radio commercials, and free ad slicks featuring Trop-Artic's new advertising symbol, Trop-Artic Man.

We're excited about our new campaign for Trop-Artic Motor Oil. And no wonder. We have a motivating symbol and theme in our TV, print and radio—"Hot cold protection. And everything in between". A theme that seems to be most compelling to your customers.

That's why we're making it lucrative for all retailers to support this vital and growing brand. *It means more money for you.* And to qualify for your "celebration" package all you have to do is place an order during the month of July and to run any size newspaper and/or radio/TV Trop-Artic Motor Oil ad between July 1, 1981 and August 31, 1981. For full details, contact a member of our Trop-Artic Sales Force or Paul Shipman, Lubricants Marketing Development Section, Phillips Petroleum Co., 7C11 Adams Bldg., Bartlesville, Okla., 74004. (918) 661-6692.

*Phillips will reimburse 100% of the advertising up to 72¢ per case on July purchases. (That's *twice* the current advertising allowance of 36¢ per case.)

PHILLIPS 66

HOT COLD PROTECTION.
AND EVERYTHING IN BETWEEN.

NMRI Convention Perspective

New Merchandising Format Gains Ground at K mart

K MART			
Year	Net Sales (millions)	% Gain	No. Stores
1980	$14,200	11.5	1,785
1979	12,731	8.8	1,688
1978	11,696	17.7	1,496
1977	9,941	18.6	1,367
1976	8,382	30.0	1,206

A key element in the upscale remake of K mart's Indianapolis stores was bumping of the deli counter from its traditional spot just inside the front door—replacing it with photo and jewelry—and relocating it against the back wall, behind the checkouts. *(DSN photo)*

TROY, Mich.—K mart's new merchandising format will be in place in almost 15% of its stores by the end of the year, but current merchandising and operations changes will probably not contribute significantly to the bottom line before 1982-83.

In addition to LIFO accounting, cited by K mart chairman Bernard Fauber as a chief contributing factor to 1980's 27.2% drop in earnings from the year before, steadily rising costs of selling and erosion of apparel sales in recent years were contributors to declining profitability at the chain.

The higher-margin apparel slipped below 12% of sales, while the cost of selling and general and administrative overhead climbed from less than 21% of sales in 1977 to more than 23% last year.

As a result, last year's earnings drop to $260.5 million from $358 million in 1979 was the first decline in annual net income at K mart since 1974. The decline in income came on a sales increase of 11.5% for the year, to a volume of $14.2 billion from 1979's $12.7 billion.

The sales gain came on a store base 10% larger than the year before, however, leaving same-store sales (adjusted for inflation) almost flat. In addition, it was the smallest sales gain reported in a decade, under 1979's 12.8% sales increase which was the lowest until 1980. Though both of those years were a far cry from the 20% annual growth rate of the 1970's, K mart officials anticipate only a 12% annual growth rate in the next couple of years.

Store base will grow by approximately 175 units this year, pushing K mart over the 2,000-store mark. All new stores will have K mart's new merchandise presentation, tested last fall in nine Indianapolis stores. Management at the chain looks to remerchandise at least 100 stores as well, meaning close to 300 K marts will have the new presentation by year's end.

Productivity is the key to the remerchandising, as K mart execs look to increase the chain's $130 per square foot in sales to $150 or $160 by the end of 1982.

The chain has geared advertising to the remodels, calling them stores for the 80's. Basically, they feature 15% more merchandise in the selling space through use of more cube space. Both 72-in. and 66-in. gondolas are used, deviating from the chain's 54-in. norm. While this is not unusual in the industry, it is for K mart.

More emphasis has also been placed on fashionable fixtures in soft goods, including use of smoked plexiglass, and price points have been traded up in many cases. K mart hopes to increase gross dollars without broadening its customer base in this fashion, by inducing its current base to spend more.

In hard goods, jewelry—now including 14-karat gold—has

(Continued on page 142)

JCPenney expects to save $19,000 in one store with new Multi-Vapor II lamps from GE.

The new Multi-Vapor® II lamp is an electronic breakthrough that combines the high-efficiency energy savings of discharge lamps with the warm color quality of incandescents, and a rated life of 15,000 hours—double that of standard 175-watt metal halide lamps.

If you'd like to save as much in store or commercial lighting energy costs as JCPenney, call your General Electric lamp distributor or sales representative for details: 800-321-7170. (In Ohio: 800-362-2750.)

This lamp saves 225 watts and $151.87.

JCPenney is replacing 400-watt mercury lamps with GE Multi-Vapor II lamps and expects this energy savings.* You may save even more by replacing whatever lighting system you have with this high efficiency lamp that delivers more warm, appealing light at lower energy costs.

*Savings at 4½¢ per KWH over the life of the lamp.

We bring good things to life.

GENERAL ELECTRIC

C-115

Executive Changes

Big K Ups 10 to VP; Ames Names 3

Kuhn's Big K has promoted 10 officers to vice presidential positions: **JAMES A. WALKER,** treasurer/controller; **CARL MACKE,** human resources; **JAMES TALLEY,** distribution; **RONALD STOVER,** division merchandise manager, hard goods; **WILLIAM I. KUHN,** division merchandise manager, home furnishings; **STEVEN COCHRAN,** loss prevention; **DON HOWELL,** regional manager, central division; **JAMES R. POTTER,** regional manager, western division; **HAROLD GARLAND,** regional manager, eastern division, and **RONALD F. NIESEN,** management information systems.

Ames Department Stores appointed **GARY W. FRIES** buyer for curtains, drapes, rugs, floor coverings, yarn and craft items. **KATHLEEN M. KESTER** has been promoted from assistant buyer to buyer. She will be responsible for buying all preschool toys, girls' toys, dolls and plush toys. **NEAL F. CROSKY** has been promoted to buyer of giftware, home decor, household chemicals and paper goods.

T.G. & Y. promoted **GARY BROADHEAD** from buyer of housewares and tinware to group buyer. He will oversee candy, automotives, lawn and garden, stationery, housewares, glassware, tinware and sporting goods.

Gold Circle has promoted four executives to vice president. **DAVID COVITZ,** divisional merchandising manager—smallwares, has been elevated to vp-merchandise manager. **ALLAN SHERMAN,** divisional merchandise manager—home furnishings, was raised to vp-merchandise manager. **FRANK ODDI,** assistant controller—finance, was upped to vp/assistant controller—finance. **GORDON "MURPH" BRYAN,** regional manager for the Columbus, Ohio, stores, was promoted to vp/regional manager—Columbus.

The May Company, operator of Venture Stores, has promoted **PATRICK DEL ROSSO** to the position of managing director for May Department Stores International's newly established liaison office in Manila. Del Rosso, who has been with May since 1975, was most recently account executive for import development at Venture Stores corporate headquarters.

K mart

(Continued from page 74)

been moved to the store front along with cameras. Home improvement merchandise has been drawn together in a more complete department, and H&BA features a broader cosmetics mix with more upscale vendor displays.

Store layout as a whole is in a race-track design while simplified signing and earth tones are used to improve general store appearance.

While K mart hopes to improve volume with this increased emphasis on existing units, and places less emphasis on new stores, the bottom line depends on better operating procedures.

Given K mart's rising administrative costs as a percentage of sales, management has undertaken steps to reduce personnel, increase its own distribution capacity and increase POS equipment. The need for these changes—K mart has lagged behind the industry in installing POS equipment, and distribution facilities have not kept pace with store expansion—could force the chain to seek outside financing. In addition, new facilities coming on line could cause startup problems this year.

K mart hopes to lick nagging out-of-stock problems through building its private carrier fleet; plans call for 85% of the stores to be serviced in this fashion by the end of the year. In addition, the number of distribution centers will almost double this year and in the first half of 1982, as five new ones are built at 1 million sq. ft. each.

In K mart's information-processing program, called KIN, almost a third of the chain's stores are expected to be hooked up by the end of the year.

Another cost-curbing move for the future involves a recent move to cross-train district managers in apparel categories and automotive and sporting goods. With managers responsible for more than one merchandise category (but fewer stores), field personnel can eventually be reduced. With payroll costs pinching the bottom line, there may be more changes of this sort in the works.

FedMart

(Continued from page 134)

inventory investment.

Sources also said FedMart may experiment with an approximately 150-sq.-ft. nutrition department in several units this year. These test sections are expected to include natural foods and vitamins and some natural health and beauty aids.

The distribution system streamlining is still only a small part of the chain troubles: FedMart is also still involved in negotiations with several Retail Clerks Union locals. The firm has requested wage freezes for store employees with other RCL locals and Teamsters, whose contracts will expire throughout the year.

Amid these negotiations, FedMart has continued to deny rumors of store closings, but industry observers and security analysts agree the outcome of these talks will undoubtedly have a heavy bearing on FedMart's next move. Some sources speculate that FedMart might be better off disposing of those stores in areas where the real estate value has substantially appreciated.

While the chain has no plans to expand this year, it expects to complete its remodeling program.

Key management resignations and firings this year included the replacement of Bernard Litwak, president for only five months, with Jan Heydorn, and the departures of both Robert Quayle, a top merchandising executive and vice president, and William Sliney, executive vice president-finance. Heinz Gundlach, who remains as vice chairman, has been removed from FedMart's day to day operations, while Mann takes over the reins of the executive committee, which Gundlach had chaired.

Toys 'R' Us Sets Another Near Chi

BLOOMINGDALE, Ill.—Toys "R" Us has purchased a 5.2-acre site in Stratford, a planned community in west Bloomingdale, near Chicago, for a 43,000-sq.-ft. store.

Construction is scheduled for completion by September 1981. By year's end there will be approximately 20 of the chain's stores serving the Greater Chicago area.

DYNAMIC DUO

TR3 CONCENTRATED

FORMULA CAR WASH

TR3 RESIN GLAZE

AUTOMOBILE CLEANER & POLISH

The ultimate

Skin Care for your ca

EGRADABLE

For Back to Back Sales

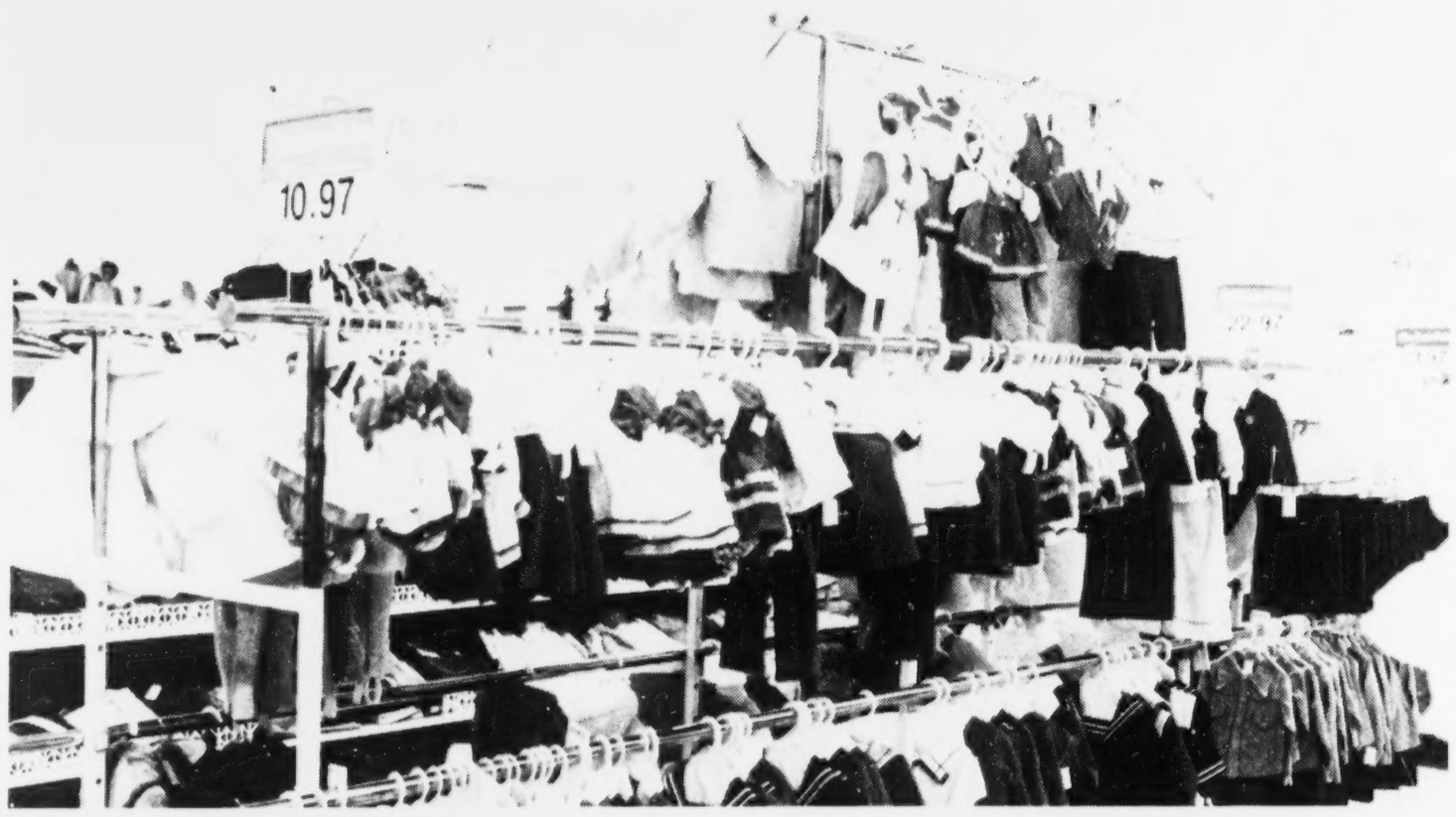
INTRODUCING TR-3 PROFESSIONAL FORMULA CAR WASH™

The ideal easy-to-use product for a super clean car.
TR-3 chemists created this unique professional formula to be the finest car wash available. Double up on sales with this DYNAMIC DUO from the makers of TR-3 RESIN GLAZE™, TRUCK AND VAN GLAZE™, AND IMPORT RESIN GLAZE™

TR-3 CHEMICAL CORPORATION
330 W. TAFT/ORANGE, CA 92667 (714) 632-5000
TWX 910 593 2887

Dramatic Changes Are in Store For Woolco

WOOLCO			
Year	Net Sales (millions)	% Gain	No. Stores
1980	$2,005	8.4	337
1979	1,895	10.8	416
1978	1,710	11.0	394
1977	1,540	11.9	367
1976	1,376	11.6	345



Woolco is maximizing use of cube space in upscaling its presentation, as seen in this triple-tiered display with waterfall top. The Woolco is in Clinton, Md. *(DSN photo)*

NEW YORK—Woolco will spend this fiscal year undergoing one of the most dramatic changes in the industry.

The chain management has planned a new store decor package to go along with the new advertising and merchandising programs, all to take place in a store base that is shifting dramatically through closings and leaseouts of excess space.

Already this year, parent F. W. Woolworth reorganized the top management of its discount and variety stores, naming John Parker, formerly a regional vp in Atlanta, to the newly created post of general manager, U.S. Woolco stores. He will report to the president of the company's U.S. Woolworth/Woolco division, George Nelson.

While F. W. Woolworth has not returned to an early organizational chart—separate divisions for Woolworth and Woolco—staffs in key operating areas such as advertising will be tapped to develop individual strategies for either one or the other group of stores.

One of Parker's prime objectives at the chain will be centralization of merchandising efforts, with the store manager's freedom sharply curtailed. Parker headed up a first-time-ever meeting of all Woolco store managers late last month to make certain the chain's programs were understood and followed through in the field.

Woolco management hopes to boost sales per square foot from $80 to $100 immediately, and the effectiveness of new merchandising changes will be measured largely at two test stores—an existing unit in East Brunswick, N.J., and another slated for fall opening in Ocean Springs, Miss. The test stores will be among the first Woolcos to have the new decor and signing package.

Among the tests slated are: moving H&BAs to the back of the store; two apparel approaches, one with men's wear adjacent to sporting goods and across the store from ladies' apparel, another which puts men's and ladies' wear side by side; trying feature tables in departments only, and in another approach trying them down the center aisle and in hard goods only; trying a 60,000-sq.-ft. store with soft goods occupying 45% of sales space instead of the 36% allotted in existing stores.

Woolco has already decided to give domestics 20% to 25% more floor space and to cut back in home improvement departments, as well as institute a chainwide planogram for its register tips in the new program.

Woolco will also continue its reduction in total square footage with an eye to increasing the profitability of remaining space, with more store closings, fewer store openings and a continued drive to lease out space at some stores.

Woolco closed one store in

(Continued on page 82)

A STAR IS BORN.

To the universe of batteries, Motorcraft adds a powerful new force. Introducing the 48-month maintenance-free "Red." It gives you all the sales advantages of other maintenance-free batteries. And direct accounts can earn bonus pacemaker points with qualifying orders thr[illegible]n July 31.

Customers never have to check the water level in up to 50,000 miles of normal use. Gassing is reduced. There is increased resistance to overcharging. Lots of cranking power. And a 48-month warranty.

The maintenance-free "Red" is the ideal battery for customers who want the convenience of a premium line maintenance-free battery.

See your Motorcraft supplier. And discover a new star for yourself.

Motorcraft

...FOR SURE

Motorcraft Maintenance Free Premium

Motorcraft

NMRI Convention Perspective

Hot Wal-Mart Projects 60 Openings This Year

BENTONVILLE, Ark.—Wal-Mart continues its two-pronged marketing effort, forging ahead with (a) the penetration of its small-town South Central states trading area, and (b) a prototype store program designed for midsized markets.

The chain's efforts produced operating results that outpaced those of most discounters.

Wal-Mart's sales soared 31.7% to $1.643 billion in the latest fiscal year compared to the previous one, and clocked a 12% rise in same-store sales during the same period. Sales per square foot—figured on company-owned sales and total store square footage—averaged $120 in 1980.

Earnings for the same period, ended Jan. 31, 1981, grew to $55.7 million, a 35% increase from the previous year's earnings.

Sixty new stores are planned for 1981, with 75% of that growth to be channeled into the southern half of Wal-Mart's territory. The new units will boost store space by approximately 4 million sq. ft., for a total of 19.5 million sq. ft. by the end of 1981. Two-thirds of these new stores will be developed by the chain's in-house division.

Earlier this year, Wal-Mart was on the verge of rapidly expanding its store count when it announced its plan to take over 107 Kuhn's Big K stores (at $6.40 per Big K share or 0.256 Wal-Mart $25 preferred). The deal was later scuttled when Wal-Mart reportedly contested some of the contingencies of the letter of intent between the two firms. The problem centered on a clause requiring continuous store operation at some sites, and the unwillingness of some landlords to comply with Wal-Mart's specifications.

A new 510,000-sq.-ft. distribution center will be erected during the year in Palestine, Tex., to fuel the chain's further expansion into Texas and Louisiana.

Wal-Mart's systematic store prototype program took another evolutionary turn in late

Sam Walton
Chairman, Wal-Mart

1980 as the chain churned out store designs for both midsized and rural markets. The latter remains the dominant part of the chain's store expansion program.

One of the latest store designs for the midsized markets showed a shift from some earlier experimental layouts by reinstating promotional tables. Key hard line departments are positioned off major traffic aisles for more visual play. High-margin candy, cards, books, toys and electronics and music lie across a midstore aisle from ladies' apparel, while promotional tables run through the middle stacked with tie-in items, both clearance and high-margin impulse goods.

Other Wal-Mart strategies center on improving productivity at store and headquarter levels. The chain opened its first overseas office in Hong Kong last December, which will serve as a central headquarters for all overseas buying.

In a move to further centralize its operations, Wal-Mart took over 162 leased jewelry sections from Hatfield Jewelry Co., and will also be developing its own film processing plant to reap its own share of photo business profitability. The chain is also experimenting with in-store pharmacies.

WAL-MART

Year	Net Sales (millions)	% Gain	No. Stores
1980	$1,641.0	31.5	326
1979	1,248.0	29.7	276
1978	962.0	41.8	229
1977	678.5	41.7	195
1976	478.8	—	153

Woolco

(Continued from page 79)

1979, shuttered a half-dozen last year and is "currently looking at many others for similar action" said F. W. Woolworth's president and coo Richard Anderson. Between 15 and 30 Woolcos could be closed by the end of the year, with the Chicago market's seven stores among the prime candidates.

Last year, 25 Woolcos were reduced in size by leasing out excess space, primarily to the J. Brannam division of F. W. Woolworth, which sells national-brand clothing at less than traditional markups. Some 43 stores have been reduced in size over the last three years, totaling 1.1 million sq. ft. of selling area. Anderson said at least 10 more Woolcos will be pared down this year.

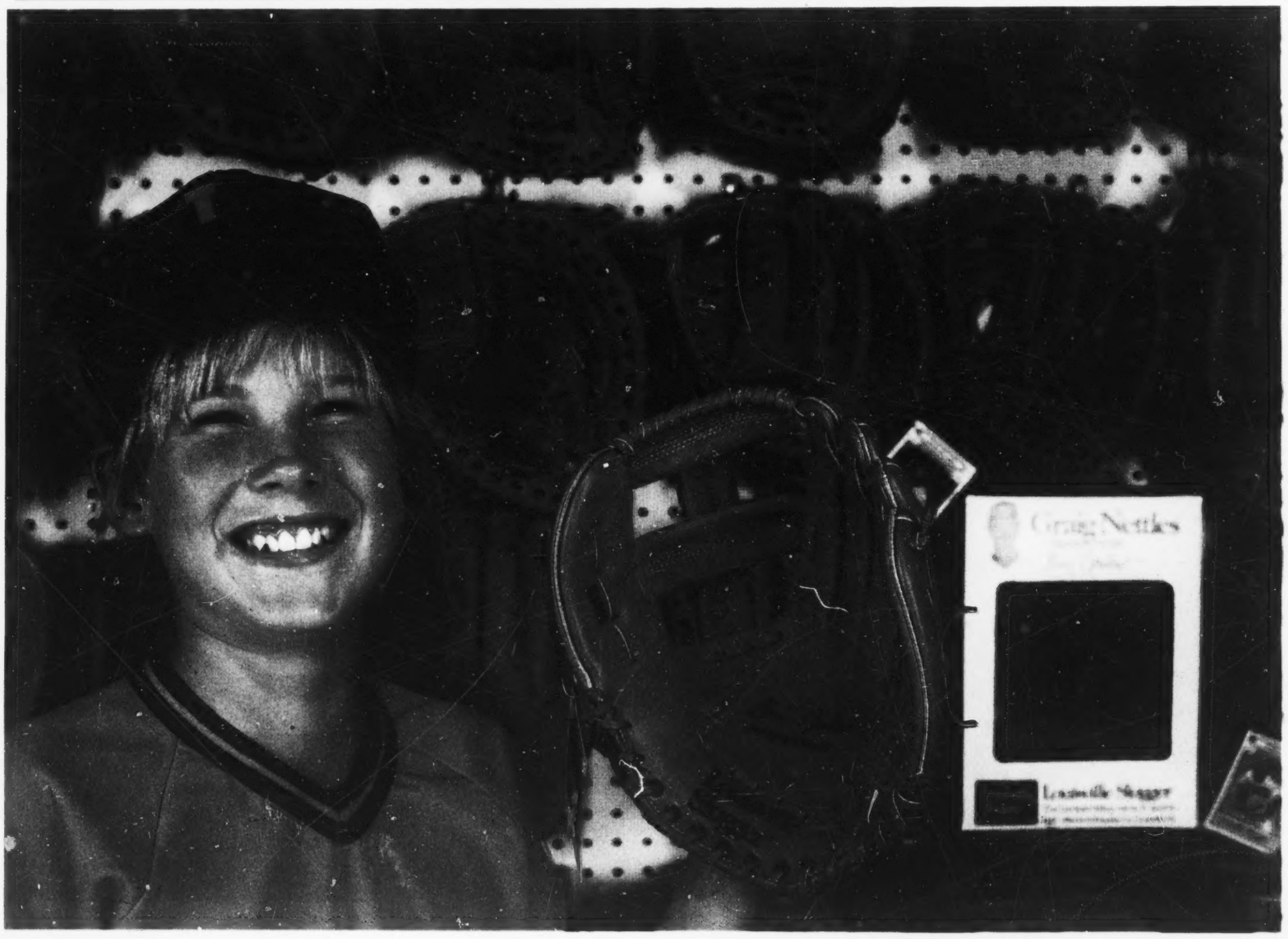
Management at the chain expects to open 11 Woolcos this year, less than half the 25 new stores added last year.

Woolco sales for fiscal 1980 were $2.05 billion, an 8.4% increase from the year before. Anderson said "there is no satisfaction" in the last year's results for F. W. Woolworth as a whole, where sales of $7.2 billion were a soft 6.4% more than 1979's $6.8 billion. Net income declined 10.6%, to $161 million, last year, from 1979's $180 million. Operating income dropped 13%, although F. W. Woolworth and ceo Edward Gibbons cited LIFO charges as a large factor in the U.S. Woolworth/Woolco decline.

In the effort to improve upon fiscal 1980's performance, work on formerly leased departments will be another major area of work at Woolco this year. Woolco will complete takeovers in shoe and automotive departments, and try to rebuild lost business in men's wear.

Last year, Woolco took over 147 men's wear departments in its stores; 111 automotive departments and 53 shoe departments were also taken over. It will add 200 more automotive departments and 72 shoe departments this year, giving the chain complete control over the merchandise categories for the first time.

The effort required in takeovers of the leased departments —which accounted for 20% of the business in some stores— was a large factor in the disappointing year experienced by Woolco in 1980.



You're watching a glove catch a customer.

All by itself, a Louisville Slugger® glove can catch a customer. First it catches his attention with rugged good looks. And then once he's tried it on, he's caught up in a new found feeling of fielding confidence.

In fact, whether it's the big "Big Daddy" and "Big Louie" or the Steve Garvey and Graig Nettles autograph models, you can literally see—and more importantly—feel the quality of these gloves.

Each glove in the Louisville Slugger lineup is made of top-grain cowhide. And each glove is made with the kind of craftsmanship that produces a firm yet flexible feeling of total control.

Quality is why Louisville Slugger gloves perform so well in the field. And it's why they sell through so well in your store—at solid margins.

So this season, don't order gloves catch as catch can. Order the complete Louisville Slugger line. They're the ones that sell through.

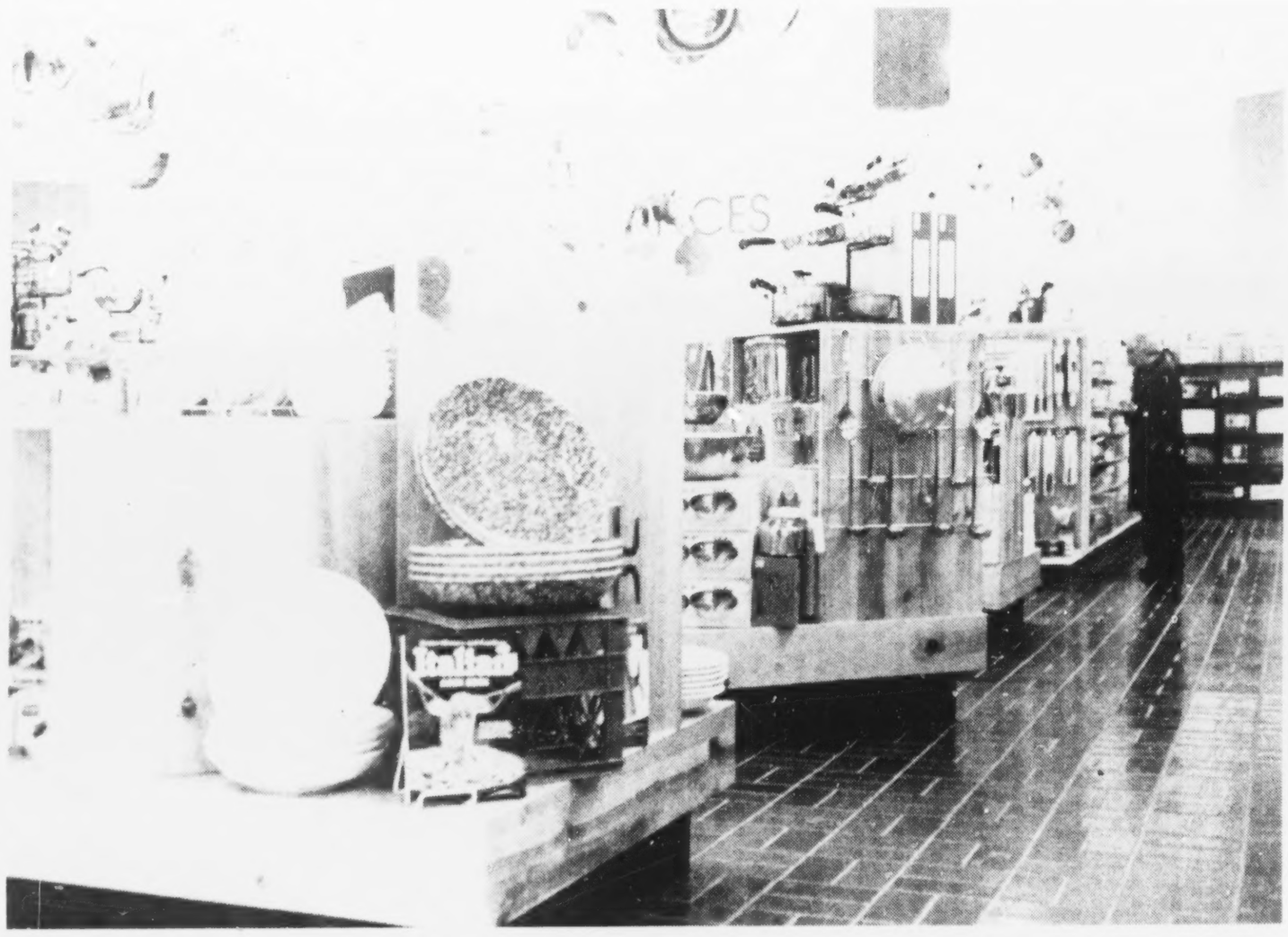
Louisville Slugger®

HcB Hillerich & Bradsby Co., Louisville, Kentucky

Caldor, Merging With ADG, Invades More States

CALDOR

Year	Net Sales (millions)	% Gain	No. Stores
1980	$666.5	18.4	65
1979	562.8	18.3	62
1978	475.7	20.6	50
1977	394.4	29.3	48
1976	305.0	—	43



Caldor's newest stores give a department store presentation to housewares, now adjacent to gifts. The move accommodates an expanded and upscaled housewares mix to include items that can be sold as gifts. *(DSN photo)*

NORWALK, Conn.—In a move to secure Caldor's financial future, Carl Bennett, chain founder and chairman, agreed to merge the chain with Associated Dry Goods (ADG) earlier this year for nearly $37 in cash and securities for each Caldor share.

The chain has forged ahead with its store-expansion program which last year pushed it into two new states—Rhode Island and Vermont. Caldor will add another state to its operating base with a new store in New Jersey, where it will oper four former Korvettes stores. Caldor also purchased two other former Korvettes in Pelham and Port Chester, in Westchester County, New York.

Caldor opened seven stores last year and is opening three units this spring.

This year's merchandising changes were bent toward sharpening the chain's competitive stance in its branded apparel business with an expanded "raccoon" line (the chain's answer to the Lacoste alligator), a new activewear line carrying tennis star Rod Laver's name, an NFL line, and a Lee and Wrangler jeans program designed to give an upgraded identity to men's apparel. It has also introduced a program featuring its rainbow logo on unisex short-and-shirt sets in terrycloth.

One of the first effects of the ADG merger was the resignation of Len Willner, Caldor's general merchandise manager, credited with being the architect of the chain's upscaled apparel movement. Willner, who said he had not been consulted on the ADG deal, said he was leaving to seek opportunities in wholesaling.

Cash in the amount of $135 million, and 2.8 million shares of ADG convertible preferred (worth approximately $140 million with a likely coupon added) made up the ADG offer, which included an option of taking five-year nontransferrable notes from ADG, to a maximum of $38.5 million.

The five-year notes will be issued only to shareholders electing to receive them, and will not be issued in denominations under $25,000—making them unattractive to most shareholders.

Looking at the deal, Wall Street analysts commented that ADG offered too much for the discounter. ADG's definitive agreement, signed on Feb. 20, calls for ADG to pay 15 times Caldor's earnings per share over the last 12 months—$2.50—which could be peak earnings, according to a former ADG shareholder. The price is three times Caldor's book value, analysts noted.

Caldor posted a 7.2% increase to $21.2 million in net earnings for the fiscal year ended Jan. 31, 1981, after giving effect to a LIFO charge of $2.5 million, as compared with a LIFO charge of $1.2 million for the prior year. Sales were $666.5 million, for a gain of 18.4%.

Net income for the fourth quarter was up 5.5% to $11.7 million on sales of $19.3 million,

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NMRI Convention Perspective

Zayre's Streamlining Is Rewarded With Handsome Earnings Gain

Under its Market Development Program, which includes a new housewares department, Zayre will upgrade 29 stores in Cleveland, Indianapolis, Chattanooga, Tenn., and Maine this year. Inset: Maurice Segall, president and ceo. *(DSN photo)*

ZAYRE*

Year	Net Sales (millions)	% Gain	No. Stores
1980	$1,348.0	0.3	248
1979	1,344.0	9.9	254
1978	1,223.0	7.2	251
1977	1,141.0	8.7	252
1976	1,049.0[a]	—	255

*Discount department stores only. [a]Includes leased departments.

FRAMINGHAM, Mass.—Zayre's continued efforts to streamline its store operations—which included disposing of nine Shoppers' City stores early last year and management restructuring—have brought a phenomenal profit gain on a fair sales boost.

Stores remodeled under the chain's "Market Development Program" remain Zayre's primary source of financial growth. The program has resulted in the refurbishing of 130 of Zayre's 250 stores, including updating all units in five key markets: Boston, Chicago, Miami, Washington and Tampa-Orlando, Fla. During 1981, Zayre plans to renovate 29 stores in Cleveland, Indianapolis, Chattanooga, Tenn., and Maine.

Ten or 12 new Zayre stores will be added in 1981, according to chain executives, up from four in 1980. In February of this year, Zayre acquired four closed Community Family Centers in Chicago, boosting its store count in that metro market to 26.

Zayre created a new division, entitled Merchandise Presentation and Stores Development, and promoted vice president Stephen Wener to director of the new division. The division coordinates all aspects of merchandise presentation and store planning, and acts as a liaison with Zayre's real estate, marketing, merchandising and sales/operations divisions.

After dismal 1980 half-year results—when losses totaled $469,000 after the previous year's first-half earnings of $1.805 million—Zayre implemented a contingency plan which turned its financial course around. The chain's third-quarter net income soared 73% to $6.1 million from $3.5 million in 1979.

Sales for the fiscal year rose 9.2% to $1.568 billion, and 7.7% to $527 million in the fourth quarter. Zayre, which adopted the LIFO method for valuing all its hard goods inventories, reported net income of $18 million after a post-tax LIFO charge of $2.8 million. On a comparable FIFO basis in both years, net income would have been $20 million, an increase of 21.6% over $17 million in the prior year.

In response to strong sales growth in the T. J. Maxx division, Zayre's off-price brand-name family apparel stores, Zayre plans to open 18 to 20 such units in 1981, up from 13 new stores in 1980, according to Maurice Segall, president and chief executive officer. There are currently 43 T. J. Maxx stores in operation.

On the other hand, the company's Hit or Miss division experienced a poor sales year, sparking an "extensive restructuring" in its management. "Comparable-store sales results turned positive during the fall and in recent months have been forging ahead ever more strongly," said Segall.

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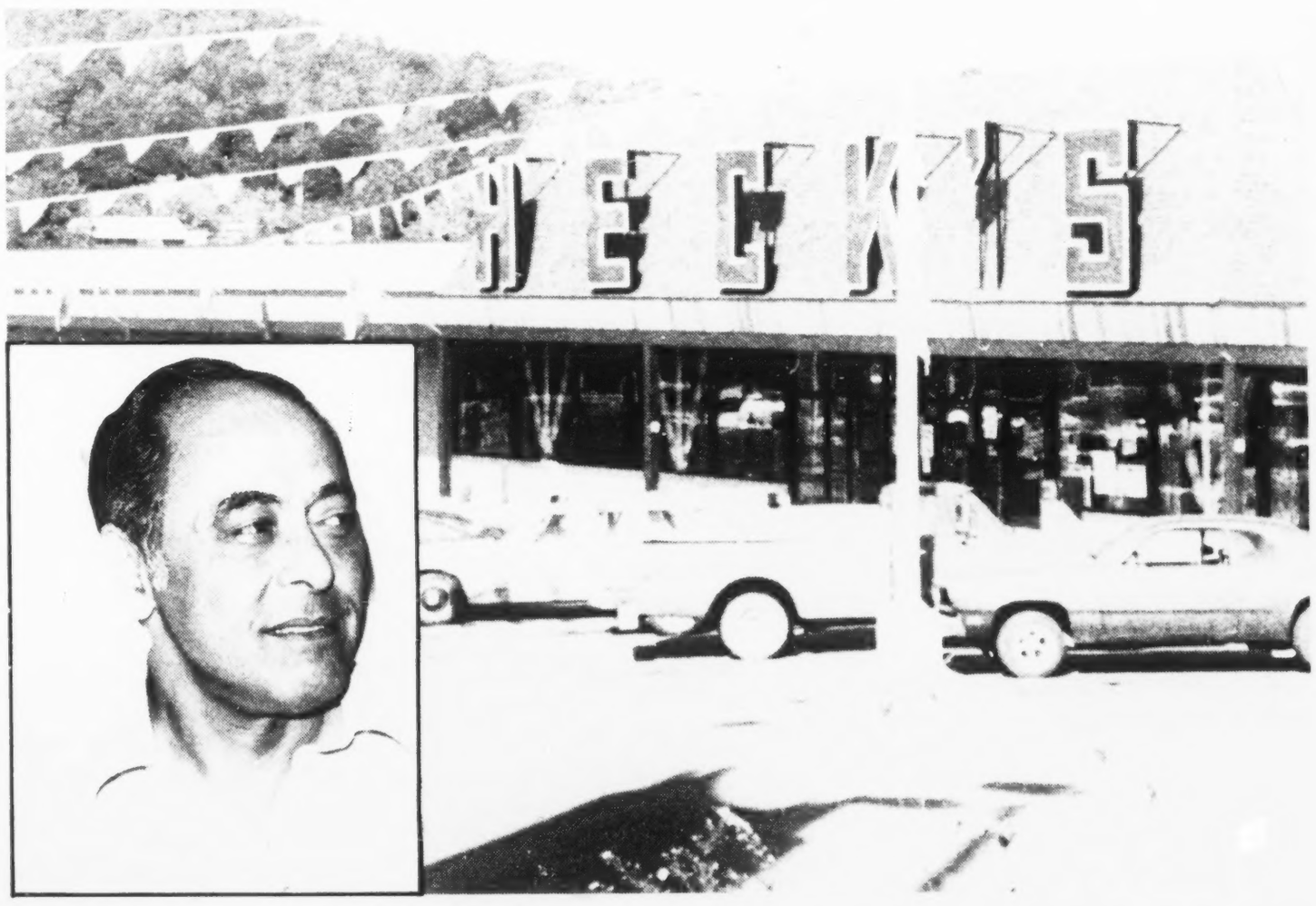
NMRI Convention Perspective

Heck's Is on Biggest Store Opening Kick: 10-12 by December

HECK'S

Year	Sales (millions)*	% Gain	No. Stores
1980	$332.5	13.6	86
1979	292.7	45.4	75
1978	201.3	36.2	69
1977	147.8	19.3	60
1976	123.8	26.1	54

**Sales for Heck's discount retailing group include Felsway Corporation, its wholly owned subsidiary (acquired in October 1978) and operator of 176 Shoe-Town stores. About two-thirds of the 1980 figure reflects sales at Heck's Stores only.*



Heck's will build 10 to 12 new stores in existing markets this year, bringing the chain total to almost 100 stores. Inset: Fred Haddad, chairman of the board. *(DSN photos)*

CHARLESTON, W. Va.—Heck's has embarked on its most ambitious store opening campaign, to include construction of 10 to 12 new stores by December.

Eleven stores were opened in 1980 (including five remodeled Mr. Wiggs), as the chain entered two new markets, Indiana and Pennsylvania, in its most aggressive series of openings to date.

Sales for the fiscal year ended Dec. 31, 1980, for Heck's Inc. (which includes Heck's discount retailing group, consisting of 87 Heck's stores and 176 Shoe-Town stores and the wholesale distributor group) were $432,341,800, a 9.8% jump from the previous year's $393,857,000.

Net income, affected by a sharp increase in the LIFO reserve, totaled $15,468,900, up 4% from 1979's $14,861,400. (The LIFO reserve increased to $10,394,000 from $6,337,000 in 1979.)

Sales at the discount retail group for the same year were $332,478,000, a 13.6% increase over the previous year's $292,678,000. James B. Lawrence, treasurer, said about two-thirds of that revenue ($222 million) was contributed by Heck's stores.

Heck's chairman Fred Haddad added that the retailing group led the company's sales gains.

The discount chain operates 87 stores, including the only one completed so far this year, in Gassaway, W. Va. Four others slated for fall completions are under construction in Salem, Ohio, and Winchester, Bluewell and Christiansburg, Va.

Proposed sites for at least five more stores are in nine states where the chain already has a base: Indiana, Kentucky, Maryland, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia.

While some Shoe-Town units may expand beyond their 12-state base to move into new territory this year, Lawrence said the discount chain will develop both its existing base and continue expansion at the present rate of about 10 stores a year between now and 1985.

The growth pattern takes advantage of a 150,000-sq.-ft. warehouse built last year to house toys and seasonal goods in Nitro, W. Va.

One reason Heck's Inc. has not been sold, although Haddad has had it on the block for more than one year, is that the cash price of $150 million is too high, according to industry observers.

The cash requirement may discourage potential buyers who would rather finance the acquisition with stock plans or other means, not all cash.

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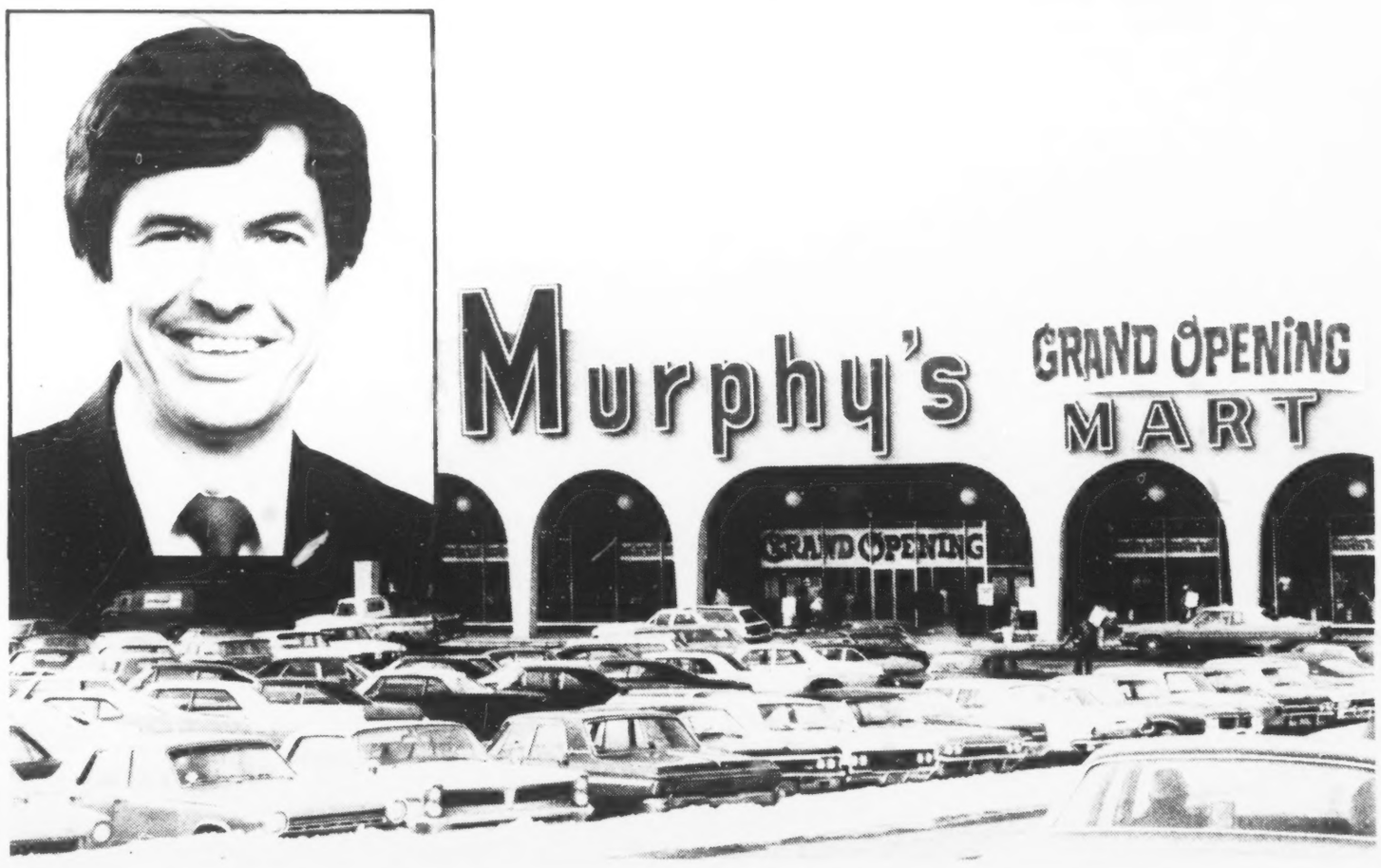
NMRI Convention Perspective

Hudak Succeeds Retired Robinson as G. C. Murphy's Chairman

MURPHY'S MART

Year	Net Sales (millions)	% Gain	No. Stores
1980	$463.1	17.9	103
1979	392.8	13.6	99
1978	345.6	18.7	90
1977	291.0	30.5	96
1976	223.0	129.9	76

Murphy's Mart recorded a strong 17.9% increase in sales last year on a store base only four units larger. This store is in Boardman, Ohio. Inset: Thomas Hudak, chairman. *(DSN photo)*



McKEESPORT, Pa.—G. C. Murphy has named senior vp of finance and vice chairman Thomas Hudak as the company's new chairman, replacing the recently retired S. Warne Robinson.

The election of Hudak, a 12-year veteran at Murphy whose background is financial and not in merchandising, was characterized by a company spokesman as a natural extension of Hudak's elevation to vice chairman at last May's annual meeting.

In contrast with the situation at many companies, the chairman is not chief executive officer at Murphy. Top authority in the company remains with president Charles Lytle, who is also ceo. Hudak will serve as the company's chief financial officer as well as chairman. He assumed the title of chairman when Robinson retired at the end of April.

In business plans for the year, Murphy hopes to capitalize on trends which brought a 17.9% increase in sales to its Murphy's Marts last year, on a store base only four units larger.

Lytle said that oversupply in the market in seasonal merchandise such as winter apparel and electronic games caused early price reductions during the holiday selling season.

After clearance sales, Murphy's Marts began the year in a heavier than normal inventory position. This is part of a company plan to broaden merchandise assortments in a grab for market share. Lytle said that this year management will focus on refining its merchandise mix for more balanced margins.

Promotional efforts over the last year have clearly paid off in sales volume—despite thinner gross margins. Last year was the first fiscal year in which G. C. Murphy used separate merchandising committees for its discount stores and variety stores, and only the second year in which advertising programs for the two store types have been split. This has been done to counter what company executives saw as a distinct weakness: lack of distinction between the variety stores and Murphy's Mart discount stores.

Though still below the industry average, sales per square foot jumped $10 last year, from $85.86 to $95.96. (The company's variety stores do $76.32.)

Due to money and occupancy costs, management will continue last year's trend of adding modestly to store numbers while building volume primarily from existing units. From a 10% expansion rate in 1979, when 10 Murphy's Marts were added, only four units were added last year. This year, three to five new stores are planned.

Virtually all stores opened after 1978 have been Murphy's Marts, as G. C. Murphy continues a shift to more discount stores and fewer variety stores. This includes steady closings of unprofitable variety stores, 23 of which were shut in 1980.

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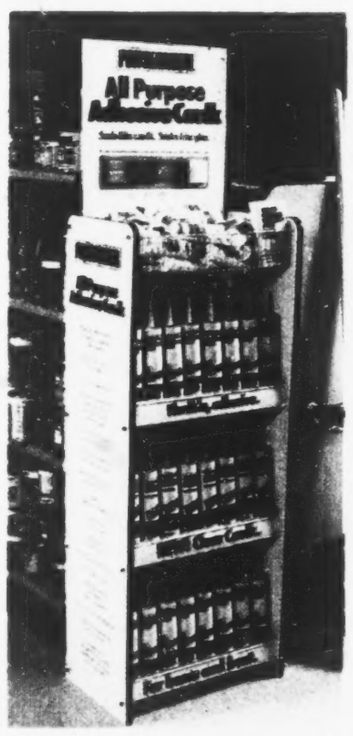

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NMRI Convention Perspective

Jamesway Strengthens Tristate Home Market Base

JAMESWAY

Year	Net Sales (millions)	% Gain	No. Stores
1980	$273.3	13.0	62
1979	242.4	19.8	59
1978	202.3	20.9	49
1977	167.3	18.9	46
1976	135.6	25.5	41

Jamesway is testing an expanded wicker department—boosted 50% in shelf space—because of its high-margin potential. This store is in Hamilton, N.J. *(DSN photo)*

SECAUCUS, N.J.—Jamesway is strengthening its tristate home market store base after pulling up stakes in Ohio at the end of the last fiscal year.

Earlier this year, two New Jersey stores were opened, helping to offset the three units lost in Ohio. Both are takeover units: a former Barkers in Flemington and a former United Discount Store in Pompton Plains. Two more openings are also planned for this year: one in suburban Philadelphia and another in Carmel, N.Y.

More Jamesways may also be added through acquisition, as the chain is reportedly shopping for takeover sites. Most growth at the 62-unit chain since 1979 has been in the form of acquisition, with seven Westons, two Masons and one Britt store taken over and converted to Jamesways.

Sales gains for the last completed fiscal year were 13% ahead of fiscal 1979, with volume $273.3 million (exclusive of leased departments). Sales in fiscal 1979 were $242.4 million.

Leased department volume increases did not match chainwide volume growth, with leased department sales of $11.8 million in the year ended Jan. 31, 1981 representing an 8.7% increase over the year-before's $10.8 million.

Net earnings last year were down 39% from the year before, or $3.9 million for 1980 compared to $6.4 million for 1979. Jamesway switched to LIFO accounting last year; 40% of the drop in net income reflected an aftertax LIFO charge of $975,000.

Pullback From Ohio

Return on investment per store should be aided by the pullback from Ohio. Jamesway sold its three Ohio stores to Hart Stores near the end of the fiscal year. These stores represented a 600-mile trip from Jamesway's New Jersey warehouses, and the chain needed different distributors to service those stores. The three units were among the lowest 20% of Jamesway stores in profit production.

New stores replacing the Ohio units have the added advantage of existing advertising umbrellas in Jamesway's traditional market base, so per-store advertising costs have also been somewhat reduced by the paring off of Ohio units. New York, New Jersey and Pennsylvania hold 61 of the chain's 62 stores.

The remaining Jamesway is in Virginia, and an executive at the chain noted that any expansion out of the tristate area will likely be south into Delaware and Virginia.

Jamesway has also budgeted for refurbishments at 11 stores this year—half in the first six months and half in the last two quarters. Included will be the enlargement of Jamesway's Sussex, N.J., store to conform to the chain's 55,000-sq.-ft. prototype. The store is currently 40,000 sq. ft.

In operations, the chain added a 210,000-sq.-ft. warehouse in Totowa, N.J., last year to bolster its Secaucus warehouse.

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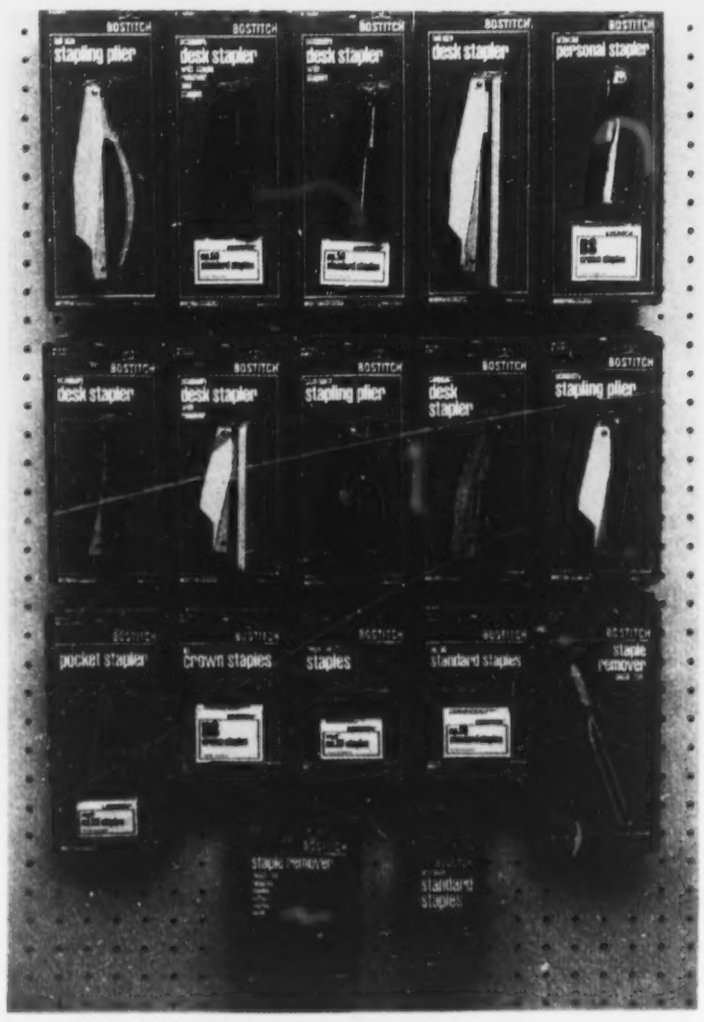

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NMRI Convention Perspective

Texas to Get Most New ALCOs This Year

ALCO

Year	Net Sales (millions)	% Gain	No. Stores
1980	$174.6	1.0	73
1979	172.8	19.8	65
1978	144.2	10.9	53
1977	130.0	6.5	46
1976	122.2	13.6	38

ALCO has trimmed its expansion rate for 1981; with seven new stores planned, total units will be boosted by 10%. This ALCO is in Abilene, Kan. *(DSN photo)*

Robert Soelter
President,
Duckwall/ALCO

ABILENE, Kan.—ALCO will still be working the north country of Wyoming, but most expansion at the chain this year will be in Texas, where the chain will place five of the seven new stores planned.

The seven new stores, representing a 10% expansion in the number of ALCOs, continues the shift of parent Duckwall-ALCO away from its variety-store roots. At the end of fiscal 1980, 73 of the company's 109 stores were ALCO discount stores (the remainder were Duckwall variety units). All new stores will be discount stores.

Planned expansion of store numbers has slowed somewhat since the company's boom in 1979, as ALCO adjusts to particularly tough economic conditions for farmers. A large majority of ALCOs are located in farm markets rather than industrial centers.

Last year, sales were up only 1% from the year before. Volume for fiscal 1980 was $174.6 million, vs. $172.8 million the year before. Net income fell 23% to $3.35 million from $4.38 million in 1979. Almost half of the net income drop was due to a shift to LIFO accounting at the chain.

Management at ALCO is looking for a 9% increase in sales this year.

Though ALCO paid attention to its southern flank last year with openings in New Mexico and Texas, and will concentrate this year's openings in Texas, the company's move into Wyoming is not dead. It will relocate its store in Gillette this year and put a new store in Rawlins.

The distance from ALCO's Kansas base makes the Wyoming stores expensive to service. ALCO is interested in the state and parts of Colorado because of boom times created by energy development. However, the boom that creates a retail market also creates other problems.

"You have typical boom-town economies," said ALCO president Robert Soelter of the Wyoming locations, "and since the land prices are very high now it takes longer to get a return on investment there."

In addition to new stores, ALCO will remodel 20 of its existing ones this year. The remodels are not extensive remerchandising efforts, but will focus on interior decor. "It's part of an annual allocation for renovations," said Soelter. "We are only bringing the stores up to date. It does not involve a new prototype, though we may come out with one next year."

One of the more notable aspects of store operations last year was a program to reduce shrink. The program was largely administrative, focusing on audits of store procedure by district managers. Shrink was reduced almost an entire percentage point, from 2.48% of sales to 1.54%.

The major business question for this year at ALCO is the farm economy; a continuation of dry, hot weather could spell a tough year.

"The problem is more serious than you read in the New York or Washington papers," Soelter said. "The farmer is backed up against the wall and weather conditions have been horrible. It's one thing to say that wheat will be $7 a bushel, but you have to have the wheat to sell."

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NEW YORK—General merchandise and apparel advertising increased by 5% to $3.395 billion in 1980, according to the Newspaper Advertising Bureau.

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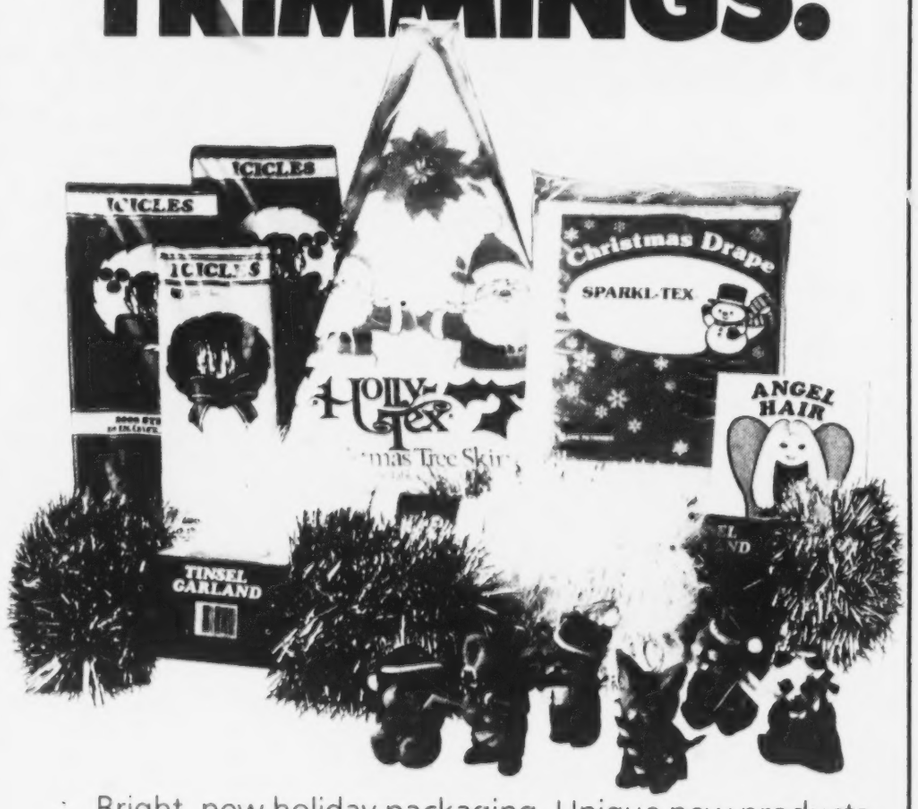

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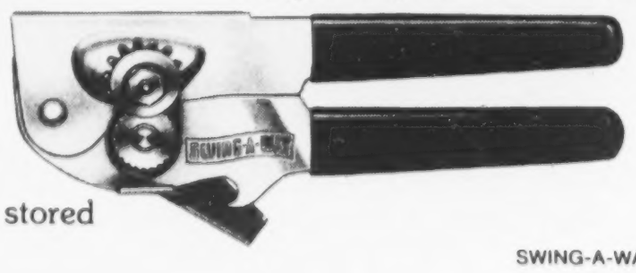

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NMRI Convention Perspective

Nichols Maps Wider Aisles, More Promotional Tables

S. E. NICHOLS			
Year	Net Sales (millions)	% Gain	No. Stores
1980	$224.6	3.5	43
1979	217.1	1.3	42
1978	214.4	4.9	41
1977	204.2	3.6	41
1976	197.1	4.0	40

Mass display of paint from this S. E. Nichols in Salisbury, Md., shows depth in home improvement. The chain will add home improvement centers to the rest of its 43 stores this year. *(DSN photo)*

NEW YORK—S. E. Nichols will make some merchandising changes this year, going to wider aisles with more feature tables, in an attempt to achieve higher volume increases after a very soft 1980.

Volume at Nichols was up 3.5% for the fiscal year ended Jan. 31, 1981, to $224.6 million compared to $217.1 million the year before.

Net income suffered significantly for the year, with the fiscal 1980 earnings of $242,709 representing a 93% drop from the year-before's $3.5 million.

Management at Nichols cited higher selling, general and administrative expenses as one factor in the earnings decline; an increase in minimum wages was part of this greater operating expense.

An increase in interest expenses from short-term borrowing, and higher energy costs were also named as contributors to the drop in profits, as well as a boost in markdowns on merchandise.

Markdowns taken to generate sales were increased due to the lackluster year Nichols—and many others in the industry—was experiencing, but they contributed to a particularly harsh fourth quarter.

Nichols earned almost 50% of its net income for fiscal 1979 during its fourth quarter that year, with earnings of $1.7 million for the quarter. In the fourth quarter of this past fiscal year, Nichols recorded a net loss of $90,067. This loss occurred on a drop in sales of 3.2% for the quarter.

This year, Nichols has decided to realign and/or shrink some departments in order to create more aisle space.

"We are moving to more use of feature tables," said Nichols' vp of merchandising Erich Metzger, "as soon as we can create the space. This is a chainwide move. The sales per square foot justify our having more tables in our stores; our results show that this is the direction we should take."

Nichols currently uses an average of 12-18 tables per store, in front of the registers and in the main aisle. Feature tables are also used across the back of stores in which there is enough floor space. Nichols will be going with as many as 36 feature tables per store, according to current plans.

In other merchandising changes, Nichols will continue to add home improvement centers to its stores with the eventual goal of having them chainwide. Currently, 75% of the chain's stores have improvement centers installed. The 20,000-sq.-ft. centers are in 31 of the chain's 43 stores.

Two stores are scheduled to add home improvement centers this year, with additions of the centers generally coming through takeovers of adjacent store space or the building of additions to the store, rather than a reallocation of floor space from other departments.

Nichols depends heavily on the home improvement center concept; in some stores, the department contributes 25% of total store sales.

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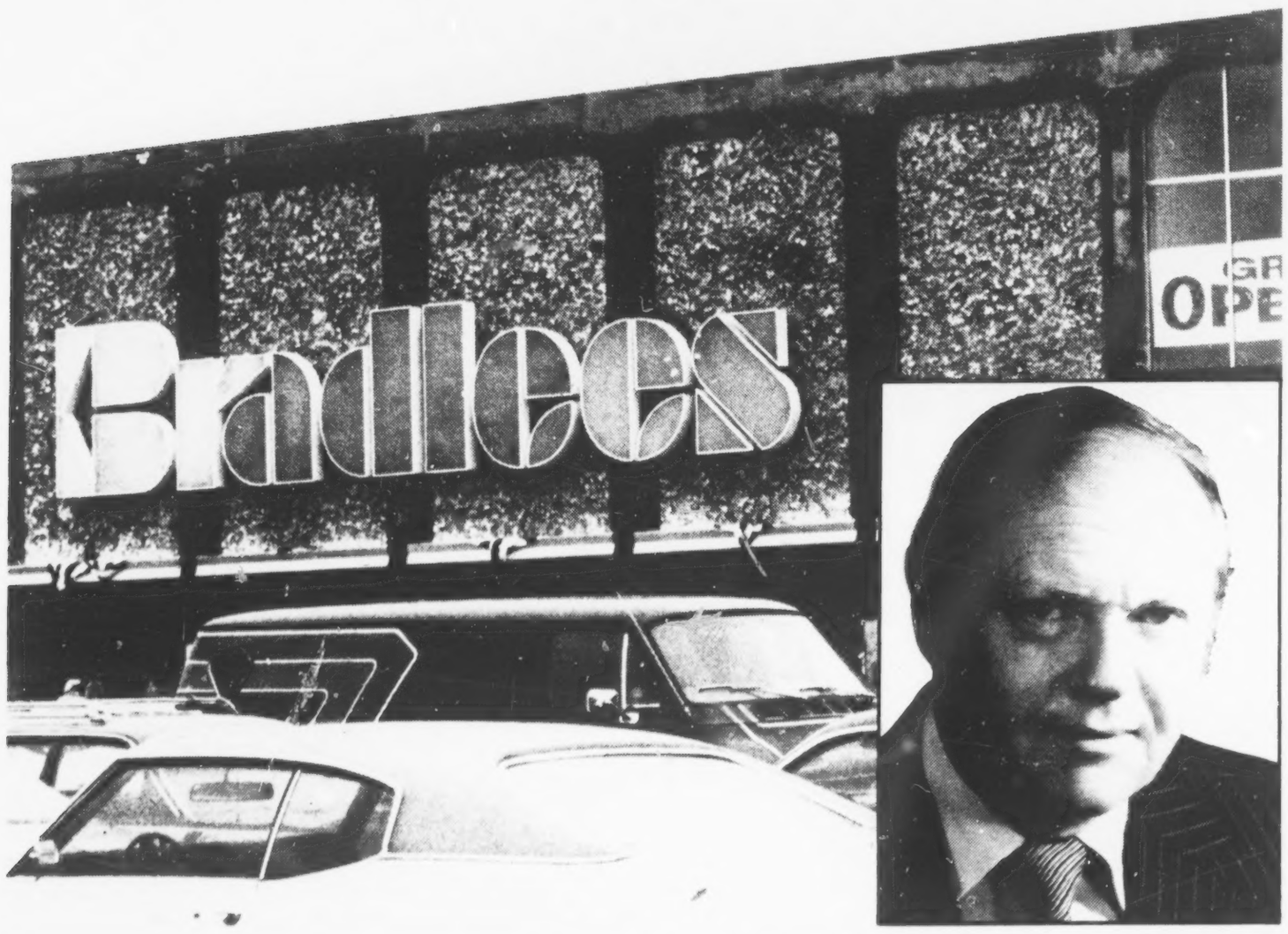
NMRI Convention Perspective

Bradlees to Complete Conversion to Electronic POS Registers



BRADLEES

Year	Net Sales (millions)	% Gain	No. Stores
1980	$634.3	17.4	89
1979	540.1	9.5	83
1978	493.0	10.8	76
1977	445.0	8.5	74
1976	410.0	20.2	75

Bradlees took a wait-and-see attitude toward its Virginia invasion after opening this and three other stores in that state in 1979. Last year's seven new units were all in the Northeast. Inset: Harold Frank, pres. *(DSN photo)*

BRAINTREE, Mass.—Bradlees will complete its chainwide conversion to electronic POS registers this year, with all 89 stores scheduled to be hooked up year's end.

A spokesman at Bradlees' parent Stop & Shop said expansion plans for 1981 have not been finalized. Bradlees' growth rate has been seven new stores a year for each of the last two years, however, and this pace seems likely to continue.

Bradlees managed to outpace both inflation and the parent corporation in sales growth for the year ended Jan. 31, 1981. Bradlees' sales for the year were $634.3 million, exclusive of leased departments. This is a 17.4% increase from the year before, when volume was $540.1 million.

Total corporate sales at The Stop & Shop Companies, which operates Medi-Mart drug stores and Stop & Shop supermarkets, were $2.059 billion, up 9.6% from the previous fiscal year's $1.879 billion.

In earnings, the corporation suffered a decline of 18.6% with $12.2 million in earnings for the last fiscal year, down from $14.9 million.

The corporation's general merchandise companies, of which Bradlees represents roughly 80% by volume, experienced a 34.9% drop in operating earnings. For the last fiscal year, operating income was $19.7 million for the general merchandise companies, vs. $30.3 million the year before.

Bradlees continued to lay out money despite a year in which consumer spending had to be prodded with increased promotions: Seven new stores were added and four were extensively remodeled, while another dozen Bradlees were converted to electronic POS terminals.

Bradlees' remodeling program, which involves extensive refixturing, slowed down last year from the pace of a dozen remodels the year before. Over the last four fiscal years, 30 stores have been remodeled. Coupled with new-store openings, this means that 50% of the 89-store chain has a relatively new look.

Operating and merchandising efficiency should be increased by completion of the move to POS equipment this year. Bradlees now has 78 of its stores hooked up after installing a dozen units last year.

After moving into Virginia with four stores in 1979, Bradlees took a wait-and-see attitude, and new-store construction was limited to its home base in the Northeast. The Bradlees added last year—all new markets for the chain except for Manchester, N.H., which was a relocation—were in Concord, Newington and Manchester, N.H.; Utica and Elmira, N.Y.; North Windham, Me., and Ventnor, N.J.

Bradlees operated under a different managerial setup during the middle of 1980, as president Harold Frank resigned to return to Abraham & Straus (a division of Federated Department Stores). Frank had worked at Abraham & Straus for 25 years prior to joining Bradlees.

"...at a time when chains are struggling to control inventories, Everything-Up appears to be the right program at the right time." Major trade publication, March 24, 1980

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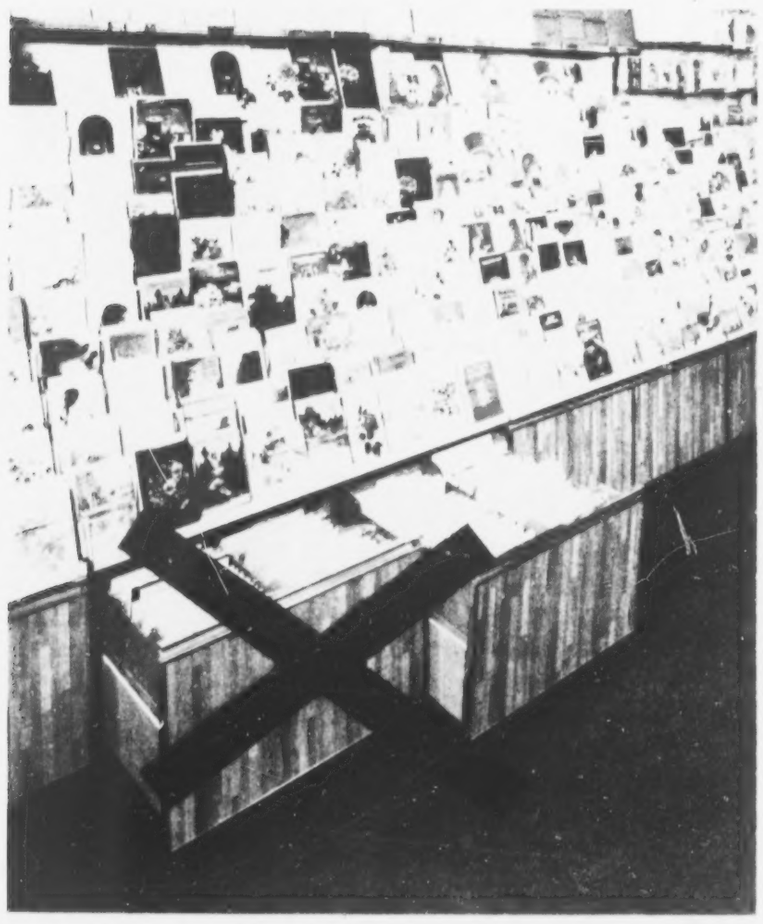

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Venture Bets 'Save With Style' Promotion Will Aid Turnaround

VENTURE

Year	Net Sales (millions)	% Gain	No. Stores
1980	$561	4.6	45
1979	536	18.3	45
1978	453	32	43
1977	344	17.8	27
1976	292	21.6	24

Venture's 50% increase in operating income the last fiscal year indicates new programs such as chainwide planograms may be working. Inset: Thomas Hays, president and ceo. *(DSN photo)*

ST. ANN, Mo.—Venture is still paying the price for 13 Turn-Style stores in Chicago, acquired in 1978—primarily inefficiency in stocking—although the recent turnaround suggests it is on the right path.

Operating income for Venture was $12 million last year, half again as much as 1979's $8 million. Sales at the chain were $561 million, a 4.6% increase over 1979's $536 million. Per-store gains were almost the same at 4.3%, but still well below the inflation rate for general merchandise.

A new advertising campaign has been launched for 1981, "Save with style." If Venture's promotional tack can build volume through the higher-margin goods with fashion appeal, bottom-line improvements could outstrip increases in volume.

Productivity is still the big question at Venture: Though last year's increase in operating income was dramatic, 1979's results were a nosedive from the year before. In 1978, operating income was equal to 1980's ($12 million) on a sales base 22% smaller—$100 million less.

Venture's operating income, at 2.1% of sales, is well below the industry average. Even more dramatic, however, is the contrast with Venture's years prior to the acquisition of Turn-Style stores. Operating income had been 5.8% of sales and 4.1% of sales in the two years prior to the acquisition.

The figures for 1980 represented a steady upturn from midyear figures, though, when sales increases were only 3.4% above 1979. A strong holiday season in particular helped Venture, with a December sales increase of 7.5% from the year before.

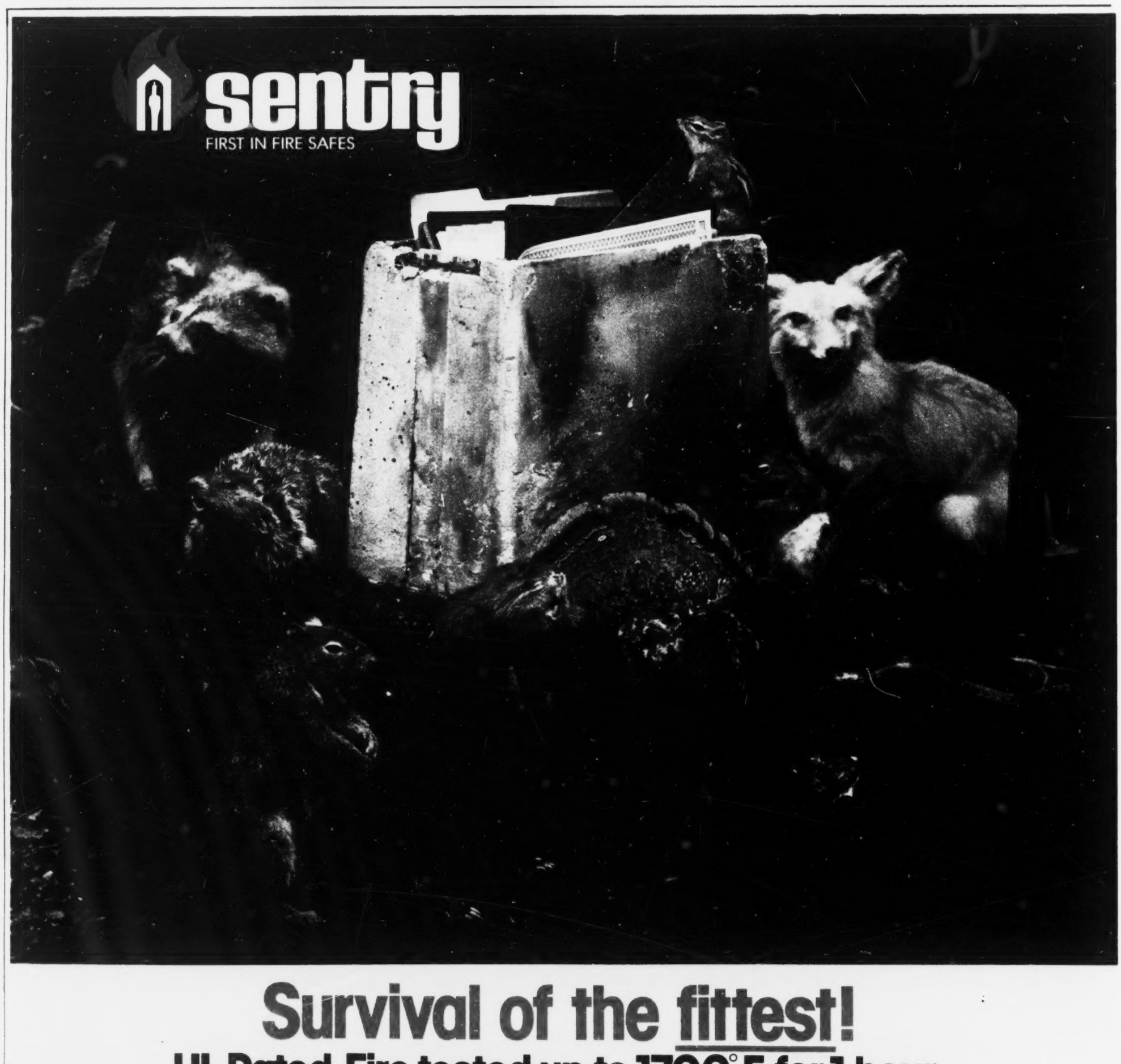
John Boyle, chairman of Venture's parent May Department Stores, said the 10.6% earnings increase for the corporation's fourth quarter was an improvement.

A spokesman at the chain said there are no plans for new stores this year. Venture hopes moves such as chainwide planogramming, reduced personnel at store level and the new "Save with style" advertising campaign will boost sales per square foot productivity at the 45 existing Ventures.

What Venture has been doing under president and ceo Thomas Hays is engaging in a massive move to standardize its stores. Where store managers once had wide leeway in merchandising departments as long as they adhered to general adjacencies, they must now follow chainwide planograms.

The move to uniformity should aid in restocking shelves at store level; consistent out-of-stock problems continue to plague the chain. In addition, it will allow for sharper refinements in merchandise mix. This is important as Venture's general direction in recent months has been a move to narrower assortments in an effort to increase the number of stock turns.

Promotional thrust of the new ad campaign emphasizes fashion appeal, with emphasis on "items other than toilet paper and paper towels," according to a spokesman.



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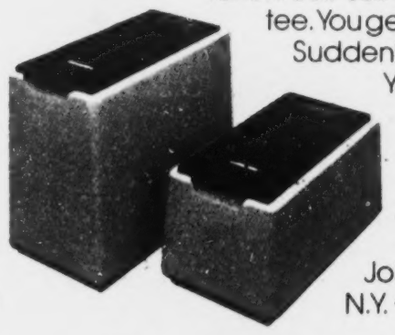

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NMRI Convention Perspective

Roses Tests Prototype Designed to Boost Productivity

ROSES

Year	Net Sales (millions)	% Gain	No. Stores
1980	$526.3	5.4	235
1979	498.0	(0.4)	227
1978	500.1	7.4	215
1977	465.6	9.3	237
1976	426.0	—	NA

( ) Loss. NA—Not available.

Rose's latest prototype has virtually eliminated promotional tables, once a major factor of the chain's store design. Other changes include placing high-margin rtw in dominant positions on main traffic aisles. *(DSN photo)*

HENDERSON, N.C.—Roses is testing a new prototype layout designed to strengthen store productivity, following a poor profit performance during the fiscal year that ended Jan. 28.

The chain posted a 25.9% drop in net earnings to $6.5 million for fiscal 1980, compared to the previous year. Sales ($526 million) rose 5.7% over sales in 1979. Fourth-quarter sales climbed to $117 million, up 7.5% from the year before, while last-quarter net earnings plummeted 32% to $4.3 million.

These figures are a sharp decline from the chain's fiscal 1979 performance, when earnings jumped 18% to $8.9 million, on sales of $497 million.

The chain currently operates 180 full-line discount stores and about 58 variety stores. A total of six to eight stores will be on line for grand openings by the end of this year. Most of the newer stores unveiled in 1980 were takeovers, with lower long-term rental costs. This year, about half of the new stores will be takeovers. Roses continues to pursue a dominant position in the rural markets already carved out in 13 Southeastern States.

One way in which Roses hopes to combat the profit decline is with a new race-track store prototype aimed at boosting gross margin productivity per square foot. High-margin categories such as rtw, greeting cards and wrap have been shifted to dominant positions on the main traffic aisle at the entrance of the store. Health and beauty aids now occupies the left front quadrant alongside consumables, relinquishing space to men's wear and greeting cards. Fashion rtw is outside the race track to the right of the entrance, across from sportswear, which has merchandise frontage on both the race track and the midway aisle.

The number of promotional tables—once a predominant feature—has been trimmed to seven from the 100 or more used in the past. The move was made to keep featured items within departments for tie-in sales.

The chain has also installed electronic item tracking equipment (IBM 3680 systems with wands, OCR-A ticketing) in 15 stores to date. This gives Roses the capability for the first time to track inventory, especially vital in apparel and domestics in garnering multiple sales as the chain moves to increase profitability.

Earnings Take Off for Mars

NEW BEDFORD, Mass.—Mars Stores' net earnings for fiscal 1980 were up 80% to $512,898 compared with fiscal 1979 earnings of $285,092. Total store sales for 1980 were $24,169,478, an increase of 16.2% over the $20,794,789 recorded for 1979.

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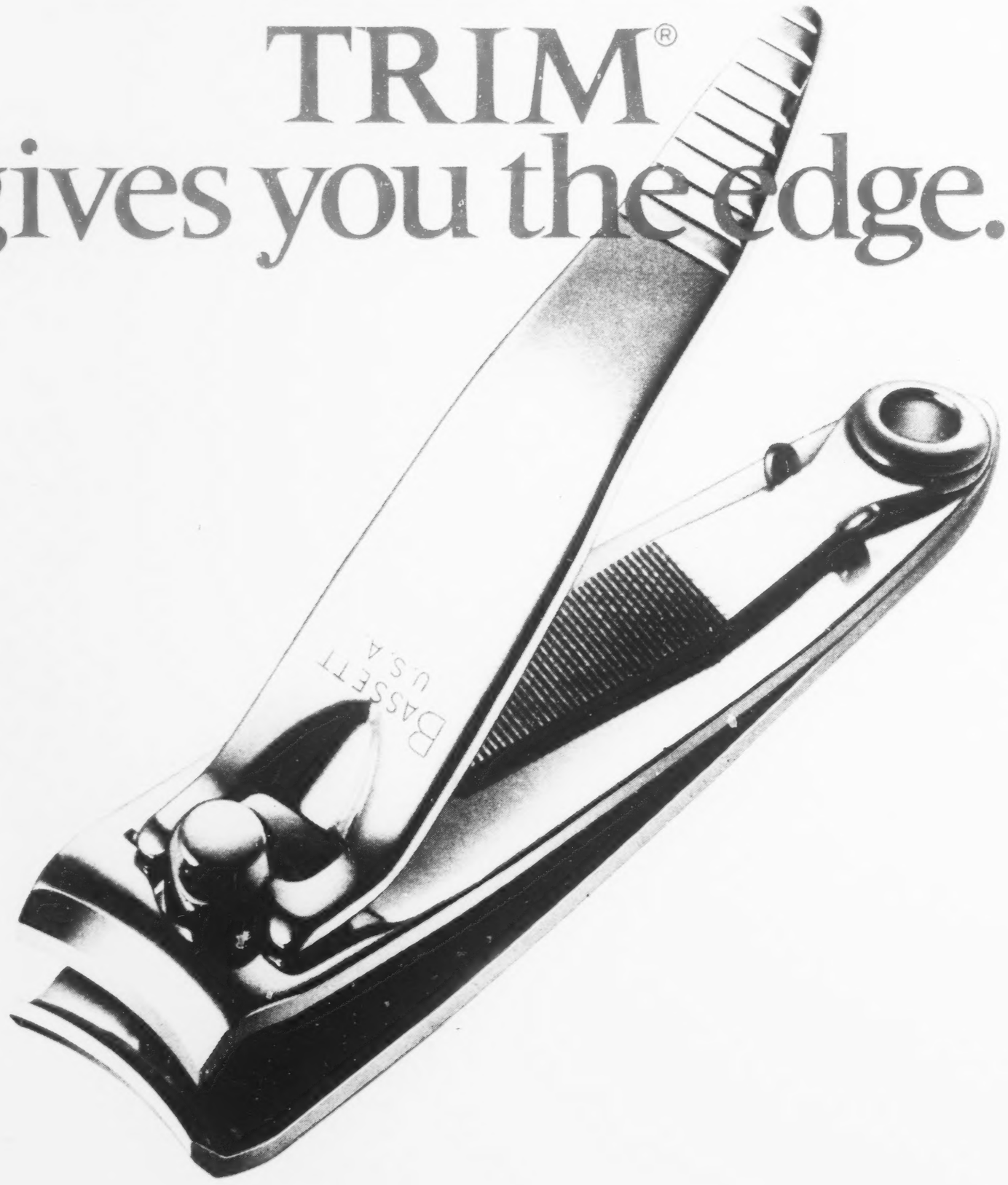

NMRI Convention Perspective

Zodys, Extending Its Perimeter, Will Open No. 2 in Phoenix Area

ZODYS-RUN DEPARTMENTS

Year	Sales (millions)*	% Gain	No. Stores
1980	$248.9	13.4	41
1979	219.4	14.6	37
1978	191.5	18.8	35
1977	161.2	20.2	33
1976	134.1	13.6	30

**Sales are for Zodys-run departments only. Volume from sections operated by other divisions of parent Hartfield-Zodys and from other leased department operators aren't included.*

Zodys has expanded housewares into a home furnishings area by including moduiar furniture. Stores such as the Hollywood unit in ethnic area use bilingual signs.

(DSN photo)

LOS ANGELES—Zodys has opened the first of two stores in Phoenix, Ariz., as the latest move to expand its operations outside of Los Angeles.

It will also continue to remodel older southern California units to conform to the chain's upscale fashion-oriented presentation.

The new store opened in the Maryvale suburb of Phoenix. The second in that area, due this August, will firm up Zodys' Southwest base that already includes pairs of units in Tucson, Ariz., Albuquerque, N.M., and Las Vegas.

The discounter last fall expanded into northern California by opening in Stockton following earlier moves into central California in Bakersfield and Fresno.

Zodys has 32 of its 41 stores in the greater Los Angeles market, and executives see greater opportunities for profitable expansion by moving into new markets, rather than just augmenting the units already in the core Los Angeles area.

This desire to expand outside of southern California was partly behind one executive's explaining that Zodys wasn't interested in The Treasury units that closed in the Los Angeles area. He also said that these stores were too large in size and close to Zodys units already in operation.

The discounter will open four stores this year, including the duo in Phoenix and two in California. One of the latter will be in Upland in San Bernardino County on the periphery of the greater Los Angeles market, and will open this August. It will be followed in November by a Zodys in southwest Los Angeles.

The four new stores are part of Zodys' long-range five-year $50 million growth plan that calls for opening about 20 stores in that period.

Zodys also plans to remodel three stores this year.

Zodys' opening of four stores last year helped boost the chain's sales to $248,852,000 from company-run departments, a 13.4% jump from $219,440,000. This growth has outpaced the sales increase recorded by parent Hartfield-Zodys, which had a 6.5% gain to $361,076,000 from $339,021,000.

The discounter's share of the parent company's volume went up 6.5%, from 64.7% to 68.9%, as Zodys continued to account for a major portion of Hartfield-Zodys' sales.

The parent company doesn't break out operating profits for Zodys, but the discounter in the past has been the major generator of earnings for the company.

Hartfield-Zodys' net income plunged 74.6% to $2,947,000 from $11,581,000 in the fiscal year ended Jan. 30, 1981, despite its sales gain.

The parent company's strong performance in previous years attracted two Canadian companies that purchased 5.4% of Hartfield-Zodys' common stock in January.

Employee-Owned Pamida Keeps Tightening Belt

PAMIDA

Year	Net Sales (millions)	% Gain	No. Stores
1980	$337.2	1.1	186
1979	333.5	4.6	188
1978	318.8	8.1	197
1977	295.0	8.0	199
1976	273.1	13.1	197

OMAHA—Pamida, now known corporately as the PMD Investment Co. after selling its assets Jan. 15 to company employees, is continuing the austerity program which last year saw the chain pull out of two markets and close a record number of stores.

Fifteen stores were closed, nine opened and two relocated as Pamida left Idaho and southern Kansas to cluster locations closer to home.

Management is hoping that the belt-tightening moves will continue to close the distance between the last fiscal year's earnings of $4,732,000 and the $10 million profit figure targeted for 1984 by C. Clayton Burkstrand, president.

Sales for the fiscal year ended in February were $337,223,000, a 1.1% increase over year-before sales of $333,463,000.

Earnings for the same period jumped 55% from $3,053,000 in the previous fiscal year.

The results are among the first showing that the chain is climbing out of the earnings trough into which it plunged in 1978, when an inventory overload, gross margin erosion from heavier-than-usual markdowns and a switch to LIFO accounting pushed earnings down to a scant $528,000 on sales of $318,833,000.

Earnings in the previous year had been $5,783,000 on sales of $294,967,000.

While the chain's conversion to an employees' stock ownership trust (or ESOT, the formation of which is unique in the industry) has not impacted finances directly, Ronald Curtis, senior vice president finance, said the increased incentive of working for an employee-owned company should increase labor productivity, ultimately improving the bottom line.

The ESOT's major effect is on personnel, Curtis said. A four-member ESOT board of trustees to include Burkstrand; Curtis; John Wiesner, senior vice president, accounting and financial administration, and Herbert B. Underwood, senior vice president, director of administration, was appointed by the board of directors.

The board itself is in the initial stages of reorganization with the stepping down of D. J. Witherspoon, chairman, and L. E. Wegener, vice chairman.

All but one new member will be appointed at the next meeting. The board will be comprised of five outsiders and four insiders as the company seeks broader resources because PMD Investment Co., is more leveraged a concern than was the old Pamida, Curtis said.

C. Clayton Burkstrand
President, Pamida

Old Pamida put to work new strategies to speed recovery from the fiscal 1979's earnings low.

After two years of drastic inventory reductions, PMD is zeroing in on boosting turns from the neighborhood of three to four. Store count is also leveling out; Curtis projected openings of three to five stores this year with closings of as many.

The focus is turning inward at the chain, to the upgrading of both hard and soft lines. For instance, a ceiling fan program tested last year—cautiously because it was a high ticket in a basics mix—will this year be incorporated into a chainwide energy-related program. Hard lines are also entirely planogrammed for the first time.

Soft lines continue to be dramatically upgraded as the chain solidifies its base in existing markets. Still small-town oriented, the chain is reacting to the average customer, now more likely to work in an office, industry or nearby city than in agriculture.

ARE DOUBLE-EDGE BLADES CUTTING THEIR OWN THROATS?

In a recent survey in The Discount Merchandiser,* one buyer said "Disposable blades are a very good item and are growing at a nice rate ... they have just about killed the double-edge market."

Another used even more explicit language. "I am gradually discontinuing all double-edge blades. The only reason I keep one Gillette on the rack is to satisfy the old timers..."

All of which leads us, once more, to ask you this question:

*March 1981 issue.

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS.

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NMRI Convention Perspective

Fishers Big Wheel Joins the New-Prototype Trend

NEW CASTLE, Pa.—Fishers Big Wheel will introduce a race-track prototype with a new decor theme and a store sign that reads "Big Wheel" only, in six to eight stores scheduled to open in Michigan this fall.

A preview of what is to come in the chain's first prototype is partially on view in two stores completed last March in Follansbee, W. Va., and Otsego, Mich.

The 1981 store opening schedule is even more vigorous than last year's, which counted eight units as the chain continued conversions of the Buckeye Mart and Tempo stores acquired in January 1979 from Gamble-Skogmo. New stores are in existing Ohio, Pennsylvania and Michigan markets.

The five Buckeye stores were Fisher's introduction to Michigan, where Jim Welty, executive vice president at Fishers, said upcoming prototype stores will fill gaps between present locations.

Sales for the fiscal year ended in January were $180 million —5.9% over the previous year's $170 million, which had represented a dramatic 54% increase, as a result of the acquisition, over 1978's sales of $110 million.

The ultimate prototype may be smaller than the 40,000-sq.-ft. W. Va. store just completed, at 30,000 to 35,000 sq. ft., chain sources said, but indicated that it would include most of the changes visible in Follansbee and Otsego.

Overall, the emphasis will be on creating a race-track setting and unified decor to highlight a soft line assortment that has been upgraded, refixtured and expanded since the acquisition of Tempo and Buckeye Mart stores from Gamble-Skogmo.

(Units acquired in January 1979 were reopened that March to unveil a soft line selling area increased 50%, from 20,000 to 30,000 sq. ft., to more than one-half of the taken-over store's selling space. The room went chiefly to greater apparel assortments, including promotions with the theme "Experience Our Fashion Difference" for featured items such as $8.88 women's pantsuits and $9.38 men's sports coats.)

With soft-line mix improvements already in place, the prototype layout will be reversed to put soft lines on the left, and the decor simplified to accentuate the mix, "not the decor," Welty said.

Twin red and magenta stripes painted on off-white walls will replace a different color for each department. Carpets will be changed to coordinating burgundy and gray.

The decor ties into a new signing program that replaces wall lettering with ceiling-hung black and white photographs 3½ ft. wide and 7-10 ft. long to identify categories.

Plasterboard finger walls are designed to be merchandised with collagelike apparel displays.

Marshall Hess
President,
Fishers Big Wheel

While the look is upgraded, it is not completely upscale: in the Follansbee store, two of three aisles with promotional tables were taken down, but the remaining one spans the front run of the race track.

In apparel areas, fitting rooms will be redone in gray paneling in the women's section, while the men's fitting room will be moved to a more central location and redesigned as an octagon.

Outside, the prototype will be shingled and re-signed, again to simplify the store's look. Instead of echoing the former rainbow of colors inside, the sign will be white.

Fishers Big Wheel will introduce its first prototype this fall. Shingled facades and white lettering will be part of the new look fronting a race-track layout and soft-line emphasis inside. *(DSN photo)*

FISHERS BIG WHEEL

Year	Net Sales (millions)	% Gain	No. Stores
1980	$180	5.8	62
1979	170	54.5	54
1978	110	37.5	38
1977	80	19.4	34
1976	67	6.3	30

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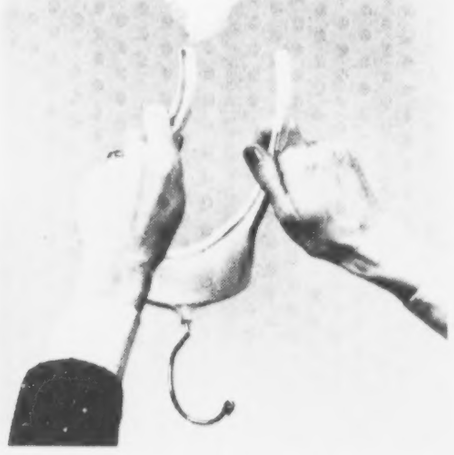

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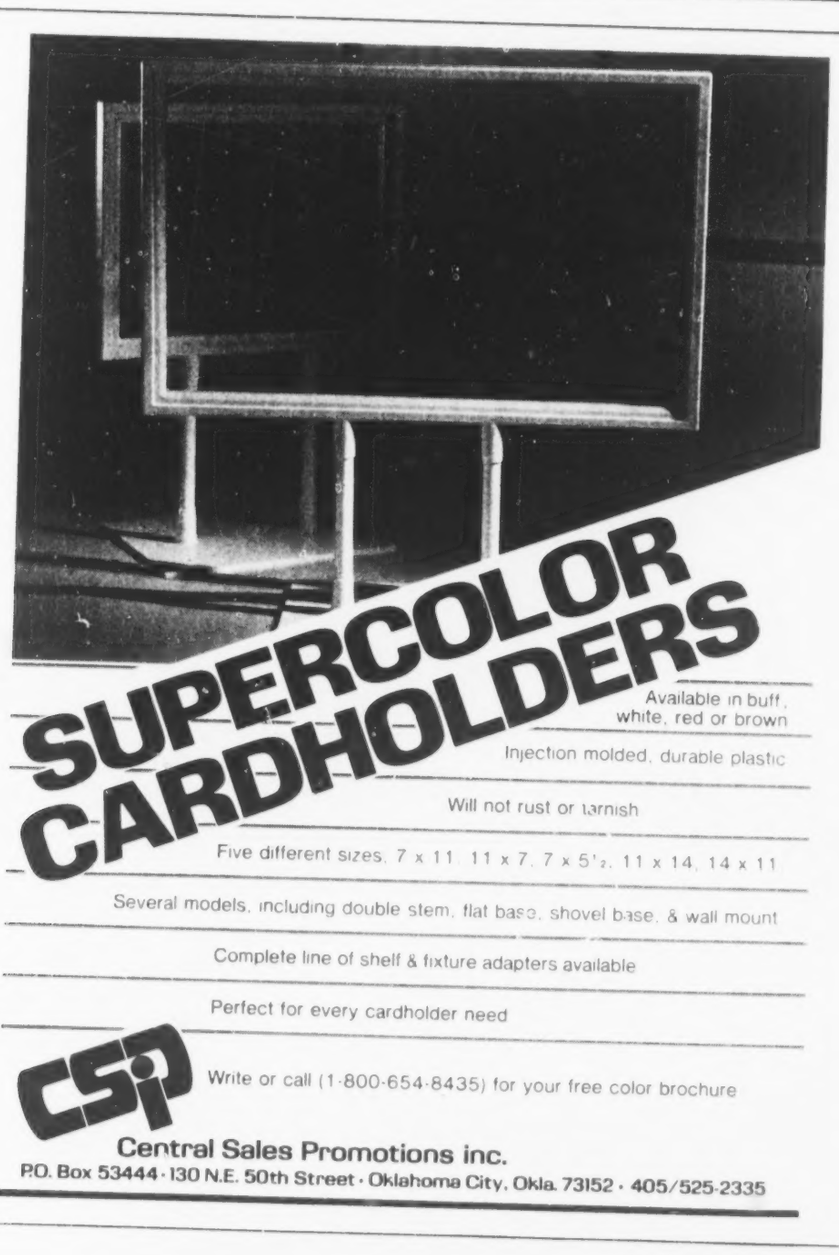
Ladies' Apparel Outlook:

Sales in this department will be a bright spot for discounters as buyers develop higher-ticket hot items in apparel and apparel-related categories.

K mart (l.) extended apparel upgrades to lingerie and accessories, positioned along the main aisle, in its Indianapolis, Ind., prototype.

Venture's Kansas City, Kan., store's half-size area (r.) with a boutique look presenting newly stylish separates is one more sign of the industry upgrade that began in 1980. The major trend for 1981: maximizing profits in every apparel department by using fashion fixtures and upgraded assortments for greater visibility for the high-margin categories.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Danners Eyes Big Biz Jump From Fattened Co-op Ad Kitty

INDIANAPOLIS—Danners is looking for a leap in volume this year, with a 30% goal in sales increases set.

Management plans to reach the volume goal largely through a revamped advertising program, in which frequency of tabloids and page counts of each circular are up almost 50% from a year ago.

Sales for the fiscal year ended Jan. 31, 1981, were $118.3 million. This represents an increase of 9.8% from the year before, in which sales were $107.7 million.

Danners' total for the year was aided by an extremely strong fourth quarter, in which sales increases from the year before totaled $7.8 million, representing a 24.7% gain.

The sales increases came at a high price, however, as Danners recorded a net loss of $386,351 for the year. This compares with a net income of $450,091 for fiscal 1979.

DANNERS

Year	Net Sales (millions)	% Gain	No. Stores
1980	$118.3	9.8	29
1979	107.7	10.3	26
1978	97.6	17.9	23
1977	82.8	19.1	20
1976	69.5	8.6	17

The firm achieved its fiscal 1980 gain on a store base 11% larger than the year before. Three new stores were added, totaling 130,000 sq. ft. The new units, all in Indiana, were opened in Portland, Columbus and Rochester.

This year, Danners plans to add one discount store, a 33,690-sq.-ft. 3D, scheduled to open later this month in Scottsburg, Ind. The opening will bring the company's 3D store count to 30.

(Danners also operates 27 Danners' variety stores and 20 restaurants, although the growth direction at the company is heavily behind its discount stores. At the end of fiscal 1979, the company operated the same number of variety stores and had 25 restaurants.)

Business strategy at Danners has turned around since the first half of last year. A spokesman at the chain said heavy cutbacks of inventory for the first half of 1980 acted as a damper on sales growth, which held down results for the year although the inventories were bolstered in the second half of the year as Danners increased its promotional efforts.

This year's increase in promotion is actually the second step—up from an initial increase at the midpoint of last year—which helped produce the strong fourth quarter.

From a scheduled frequency of 38 circulars a year at the midpoint of 1980, Danners upped its use of circulars to 46 a year. This year, the company is running 56 tabloids.

The new promotional push includes special spring and fall auto department circulars being run for the first time, carried inside other Danners circulars.

Although the advertising budget has been increased roughly 30%, much of the cost will be carried by co-op ad dollars from manufacturers. The chain has shifted away from ROP advertising in favor of more circulars, many of which are direct-mailed. Management at the chain feels this is the best means to achieve saturation of its small-town markets.

An average of 150 items a week are being promoted this year, in circulars averaging 12 pages. (Last year, circulars averaged eight pages.) This number of items may be reduced later in the year, a spokesman said, once market-share increases have been achieved.

Hills to Offer Two Scholarship Prizes

CANTON, Mass.—Hills will offer two C. R. Gordon Scholarship Awards in 1981.

The $500 prize, renewable for each of four years, will be awarded to two college-bound sons or daughters of Hills employees.

The award, named in honor of one of the chain's founders, was first offered in 1974 in the belief that "contributing to an educational investment in an employee's family is one of the soundest investments a company can make."

America's most cooked in cookware —and more.™

MIRRO®

Buy what sells!

DU PONT SilverStone. Other items made by Mirro Corporation use SILVERSTONE, the premium non-stick surface.

© 1980, Mirro Corp.

NMRI Convention Perspective

King's Consolidates, Puts Final Touches on Absorption of Barkers

KING'S

Year	Net Sales (millions)	% Gain	No. Stores
1980[1]	$729.7	26.6	253
1979	576.2	6.6	191
1978	540.6	13.8	183
1977	475.1	40.5	121
1976	338.1	—	114

[1]Reflecting the addition of the Barkers' acquisition

King's new prototype at Seabrook, N.H., is designed to spur apparel sales with a race track aisle that leads customers through soft lines departments upon entering the store. Inset: Paul Kwasnick, president. *(DSN photo)*

NEWTON, Mass.—As it wound up its fiscal 1980, King's was putting the final touches on the absorption of Barkers, the 63-unit discount subsidiary of Cornwall Equities—a conglomerate which also owns a 12% interest in King's. Part of that consolidation included placing the King's nameplate over Barkers' stores, and converting all stores to a new upscaled prototype.

The consolidation also meant bringing merchandising and administrative operations under one roof. At presstime, the headquarters staff was made up of two-thirds King's people, and one-third Barkers'. Most of the soft line buyers, whose ranks have been expanded and moved out of the former Barkers office in the Bronx, N.Y., are from King's. The majority of hard line buyers, are from Barkers.

King's also acquired 102 Franklin stores in the deal, but was negotiating to sell them to Petrie Stores, a 625-unit apparel specialty chain, by the end of this month.

Also new at King's was Paul Kwasnick, lured back as president this January. Kwasnick left King's in 1978, after disagreements with the chain's founders, Aaron Cohen and Murray Candib. Sol Kittay, chairman of Cornwall, took over as King's head in March 1980 after the departure of Bernard Litwak—the man who replaced Kwasnick.

(Leon Mesnik, former Barkers president, now heads King's importing division—called KDSI—King's Department Stores International. Morton Fisher, former senior vice president and general merchandise manager at King's, is now executive vice president.)

In the stores, the newly merged chain will retain and maximize the strengths of each company: King's in soft lines and Barkers in hard lines. The ratio between the two areas will break down to 50-50.

The chain has also replaced the speed aisles found in older King's units with a race-track aisle, and installed wood-grain display tables that are color-coordinated with the new orange, gold and brown wall decor.

The new prototype is designed to spur apparel sales by using the race track to guide customers through apparel.

King's fiscal year ended Jan. 31, 1981, saw a 75% drop in net income to $3.9 million on sales of $729.7 million, a 26.6% rise from the year before. The latest year's figures include sales and earnings of both the Barkers and Franklin chains.

Hartfield-Zodys Payout

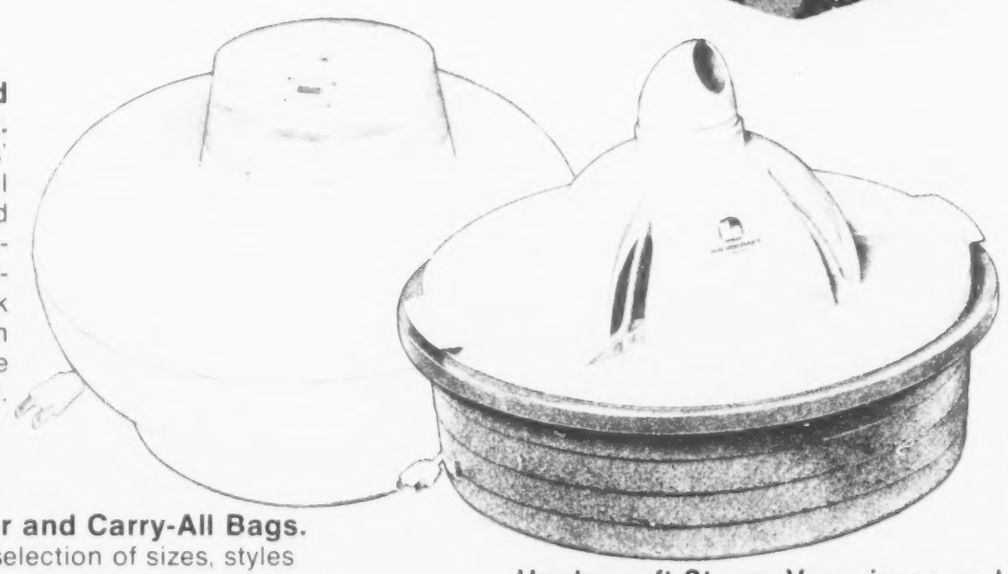
LOS ANGELES—Hartfield-Zodys, parent of Zodys discount stores, declared a quarterly dividend of 10¢ per share, payable May 15 to stockholders of record on April 24.

"SALES OPPORTUNITIES BEGIN WITH A CALL FROM YOUR Gerber® REPRESENTATIVE."

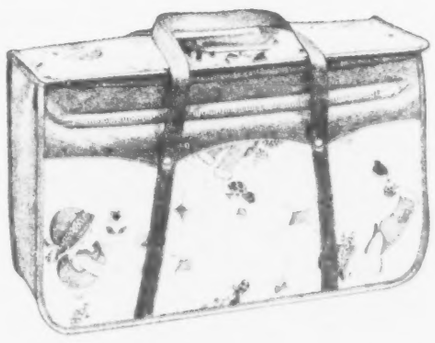
Now over 400 juvenile special products carry the brand name mothers have trusted for over 50 years. A complete range of retail marketing programs, including advertising, merchandising, displays, plus special sales and promotional allowances are provided to capitalize on sales opportunities.

Contact your Gerber representative today for a baby department that produces extra profits for you and provides extra convenience for your customers.

Gerber Knitted Underwear. Meet your customers' basic needs with a full line of comfort-fitted 100% cotton underwear that's guaranteed not to shrink out-of-fit even when machine washed and dried.

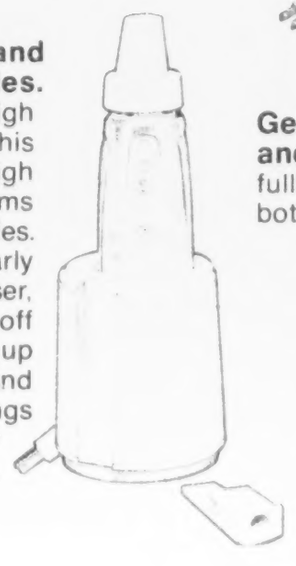


Hankscraft Steam Vaporizers and Cool-Vapor Humidifiers. Hankscraft Vaporizers and Humidifiers have been traditional favorites with doctors, pharmacists and parents because we carefully control all safety features, performance and durability. That's why Hankscraft is No. 1 in portable vaporizers and humidifiers. Our generous allowances provide traffic-building promotional dollars for you.



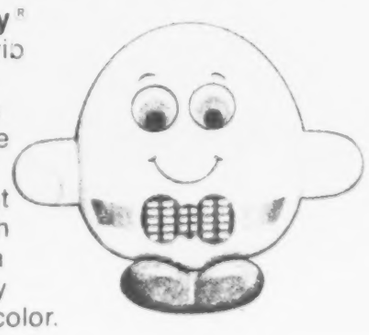
Gerber Diaper and Carry-All Bags. Gerber's wide selection of sizes, styles and prices helps you meet all new mothers' needs.

Gerber Nursers and Nurser Accessories. You can obtain high volume sales with this full range of high quality nurser systems and related accessories. Mothers particularly like the reusable nurser, featuring a snap-off hood and stand-up nipple, with ounce and milliliter markings molded on the clear plastic bottles.



Gerber Feeding Dishes and Appliances. Build high-volume sales with the full line of feeding dishes, sterilizers and bottle warmers all new mothers need.

Gerber Infantoy® Line. Infantoy Crib and Playpen toys make selling toys child's play. All are designed by a child development specialist to teach baby a fun lesson and are nationally advertised in full color.



Gerber Vinyl Pants and Bibs. The right combination of comfort, softness and durability has helped make Gerber the top-selling brand of vinyl babywear and bibs.

Consumers have relied on Gerber and Hankscraft quality for over 50 years.

Gerber HANKSCRAFT

Fremont, Michigan 49412

BJ7893

NMRI Convention Perspective

Troubled FedMart Is Going Private Under Mann

FEDMART

Year	Net Sales (millions)	% Gain	No. Stores
1980	$1,061.1	8.6	68
1979	977.2	39.9	69
1978	698.4	28.3	71*
1977	544.3	17.9	47
1976	461.5	20.9	47

*Includes acquisition of the Two Guys stores.

FedMart's owner, Hugo Mann (inset) has been trying to find a niche in the southern California marketplace for his hypermarket discount chain. After two years of losses and executive suite turmoil, the German retailer recently decided to take the chain private. *(DSN photo)*

SAN DIEGO—Plagued with severe turnover in middle and upper management and losses of almost $15 million in the last five quarters in spite of recent belt-tightening, FedMart is going private. The transition is expected to be consummated without a hitch.

The discounter's newest plan culminates a year filled with financial woes, internal mayhem, controversy and an almost complete turnover in the executive suite. In addition, the chain closed its 32,000-sq.-ft. San Antonio, Tex., warehouse and requested wage freezes from unions representing the chain's employees.

Chairman and majority stockholder Hugo Mann, who owns 88% of the firm's stock, has organized a separate corporation—FM Holdings Inc.—under his trusteeship to acquire the retailer's outstanding stock and warrants.

The FM Holdings offer, expected to be completed at presstime, includes an exchange of $12.80 per share for all outstanding stock and 35½ ¢ per warrant.

Even though the 68-unit discounter passed the $1 billion sales mark in the fiscal year ended Aug. 31, 1980, the chain's need for new equity capital and its unattractive stock position left FedMart with little option but to be taken private by Mann, a West German retailer.

FedMart, which is changing its fiscal year to a February-January pattern starting this year, reported another loss of approximately $8 million on sales of $469.5 million for the period between Sept. 1, 1980, and Jan. 31, 1981.

The fiscal year change will put FedMart's reporting in line with the rest of the nonfood retail industry and will allow for improved balance-sheet ratios because inventories are at their low point in January.

In attempts to return to profitability, new belt-tightening moves were initiated by its newest president, Jan W. Heydorn.

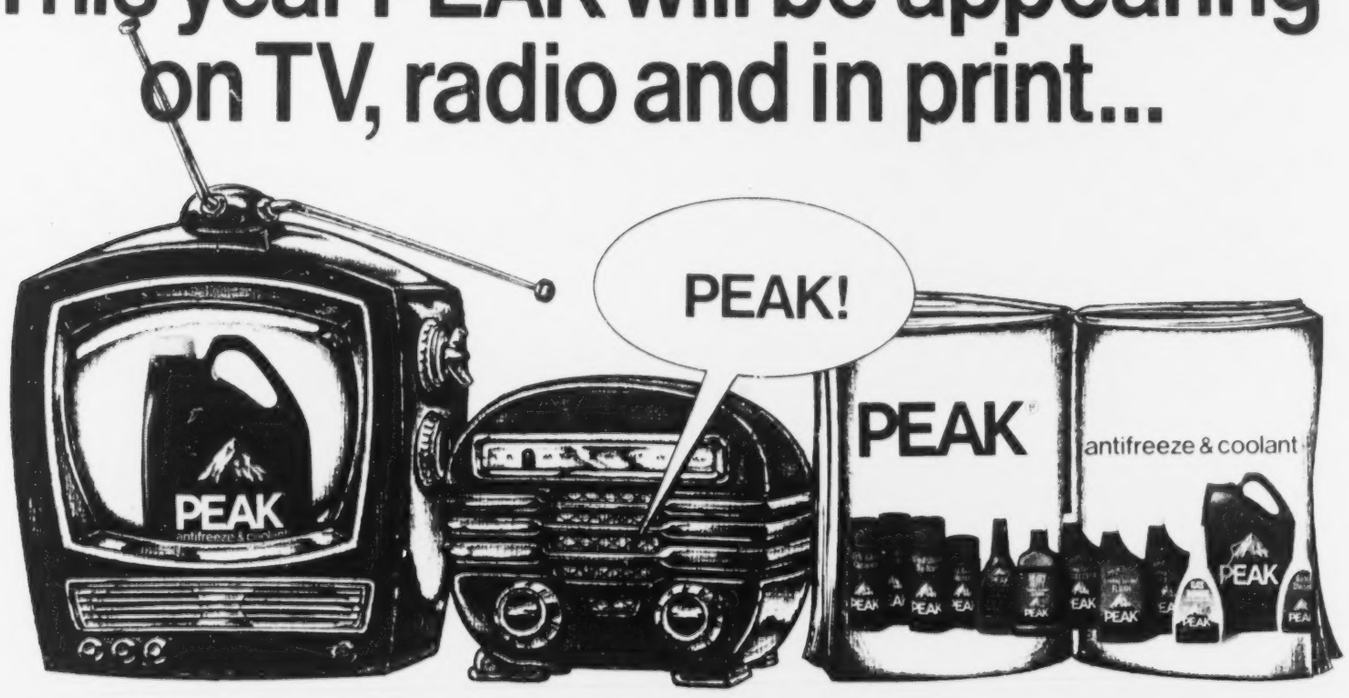
Such measures included the sale of the corporate jet, the freezing of executive and junior management salaries and the closing of at least one warehouse.

Early reports that FedMart was also considering closing the 88,650-sq.-ft. Hempstead, Tex., and the 46,080-sq.-ft. Tempe, Ariz., warehouses have not come to pass. Company officials refused to comment, but other sources said warehouse distribution changes are in the works, including a test for a new warehouse/distribution system for drug items in several units. The chain reportedly buys only low-turn products from wholesalers, preferring to warehouses approximately 85% of its drug merchandise.

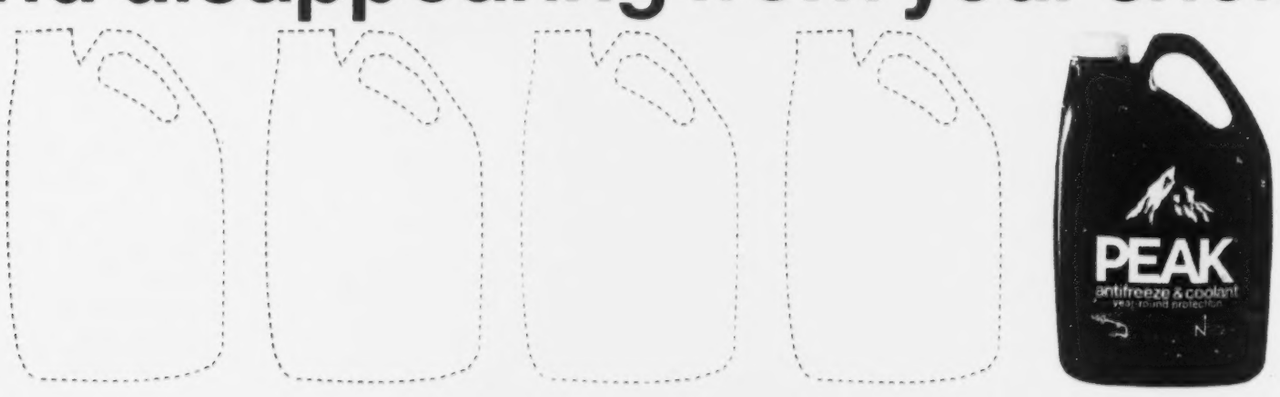
With the new plan, the chain would buy prescription drugs and some H&BAs through wholesalers, thereby reducing transportation expenses and

(Continued on page 142)

This year PEAK will be appearing on TV, radio and in print...



and disappearing from your shelf!



Wherever your customers look this year, they'll be taking a peek at PEAK. With 124 insertions featuring the PEAK line in just about every magazine the car and racing buff reads. Even special inserts for the "Sports Illustrated" Indy 500 and World Series issues.

We'll be in 4-color full-page ads in special race programs, plus radio and newspaper ads where the NASCAR Grand National Races are running.

And with close to a total of 240 million adult impressions, our year-round TV and radio campaign for PEAK® antifreeze & coolant will impress your customers, too.

1981 is the PEAK year. And PEAK is going to make it a very big year for you!

Northern Petrochemical Company

Specially designed early buys, promotions and co-op plans are yours for the asking.

Call your PEAK representative or 800-323-2300 Ext. 6137 (toll free).

NMRI Convention Perspective

Cook United Eyes Rink's Acquisition as Key to Doubling Volume

COOK UNITED

Year	Net Sales (millions)	% Gain	No. Stores
1980	$334.5	(2.5)	83
1979	343.2	(.98)	80
1978	346.6	5.7	80
1977	327.8	6.1	77
1976	308.9	NA	76

( ) Loss. NA—Not available.

Cook United will use its acquired Rink's stores as the model for conversion of 18 Ontario stores and three Clark's or Cook's units in four metropolitan Ohio markets. *(DSN photos)*

MAPLE HEIGHTS, Ohio—Cook United, operator of 83 Cook's, Clark's, Ontario and Uncle Bill's discount stores in 13 states, reported flat sales for 1980—but management eyes the April 1981 acquisition of 47 Ohio Rink's stores as the key to almost doubling sales this year.

With the new stores and their metropolitan Ohio locations, sales for the current fiscal year should hit $700 million despite last year's results, Ralph Luffler, vice president, treasurer, said. The takeover also boosted sales floor space by 50%.

Discount division sales, which make up 81% of company volume (and also includes a wholesale distribution division and three specialty retail operations), were $344,507,000 in the fiscal year ended February 1981, dropping 2% from $343,220,000, a slight drop from 1978's $346,607,000.

Overall, company earnings in 1980 dropped to $1,679,000 on sales of $427,890,000, compared to the year-earlier $5,863,000—including $1,636,000 from the disposition of discontinued operations—on sales of $422,813,000.

Cook United executives plan to pull the discount arm out of its two-year sales slump by repositioning 21 stores, including all 18 Ohio Ontarios and three Cook's or Clark's, as Rink's. They will be run "somewhat autonomously from Cook United by the Rink's people," Luffler said.

Acquired April 3 from Gray Drug, Cleveland, Ohio, for about $35 million, Rink's rang up sales of $266 million in it's last full year of reporting, ended May 1980.

The new units, in metropolitan Cincinnati, Columbus, Dayton and Toledo, are surrounded by existing Cook United stores in small towns.

Cook United, however, has a tall order to fill: in addition to flat sales and continuing economic presures industrywide, the company is up against unemployment from automobile industry layoffs in the Ohio markets.

(Expansion of last year's test in a handful of stores of cut-case consumables departments called box stores, another effort to bolster sales, is on hold with results "inconclusive" at best, Luffler said.)

In Cook United's favor now, however, is what Luffler called the "surprising similarity" between its stores, especially the Ontarios, and Rink's—which management predicts will keep conversion costs low.

Luffler said there would be no structural changes, although layouts will be altered. Mixes, too, are alike, although Cook United's home improvement departments will be brought up to par with Rink's with an expanded mix.

Follow-up activity incorporating Rink's stores into the company will likely occupy Cook United's efforts throughout the year, sidelining new store construction.

The Gillette All-Star Promotion's got the bases loaded.

When you play ball with Gillette, get ready to play a triple header. Because this year's All-Star promotion has three superstar events guaranteed to bring in a sell-out crowd.

1st–All-Star balloting.

Our promotion display contains All-Star ballots, and a ballot box so your customers can vote right in *your* store.

2nd–$20,000 consumer sweepstakes.

Once your customers cast their All-Star ballots, they become eligible to win $20,000, and a trip for six to the All-Star game, plus 1,000 second place prizes.

3rd–Instant coupons.

We're putting instant coupons right on the package – 25¢ on Atra 5's, 25¢ on Trac II 5's, and 50¢ on Atra razors!

Home–we've got you covered!

We're giving this promotion major consumer advertising support for incremental sales.

Plus *you'll* get a sporting All-Star windbreaker free, when you send in the dealer coupon from the display.

Your customers will be looking for it, so order your All-Star display today!

It'll bring in profits that could make you loaded!

For more information contact your Gillette sales representative.

Gillette

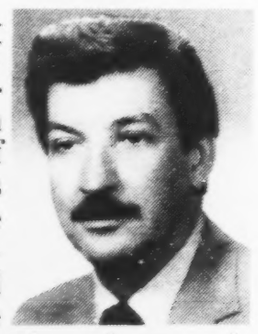
(c) 1981 The Gillette Company, Boston, MA 02199, USA

Executive Changes

Big K Ups 10 to VP; Ames Names 3

Kuhn's Big K has promoted 10 officers to vice presidential positions: **JAMES A. WALKER,** treasurer/controller; **CARL MACKE,** human resources; **JAMES TALLEY,** distribution; **RONALD STOVER,** division merchandise manager, hard goods; **WILLIAM I. KUHN,** division merchandise manager, home furnishings; **STEVEN COCHRAN,** loss prevention; **DON HOWELL,** regional manager, central division; **JAMES R. POTTER,** regional manager, western division; **HAROLD GARLAND,** regional manager, eastern division, and **RONALD F. NIESEN,** management information systems.

Ames Department Stores appointed **GARY W. FRIES** buyer for curtains, drapes, rugs, floor coverings, yarn and craft items. **KATHLEEN M. KESTER** has been promoted from assistant buyer to buyer. She will be responsible for buying all preschool toys, girls' toys, dolls and plush toys. **NEAL F. CROSKY** has been promoted to buyer of giftware, home decor, household chemicals and paper goods.



T.G. & Y. promoted **GARY BROADHEAD** from buyer of housewares and tinware to group buyer. He will oversee candy, automotives, lawn and garden, stationery, housewares, glassware, tinware and sporting goods.

Gold Circle has promoted four executives to vice president. **DAVID COVITZ,** divisional merchandising manager—smallwares, has been elevated to vp-merchandise manager. **ALLAN SHERMAN,** divisional merchandise manager—home furnishings, was raised to vp-merchandise manager. **FRANK ODDI,** assistant controller—finance, was upped to vp/assistant controller—finance. **GORDON "MURPH" BRYAN,** regional manager for the Columbus, Ohio, stores, was promoted to vp/regional manager—Columbus.

The May Company, operator of Venture Stores, has promoted **PATRICK DEL ROSSO** to the position of managing director for May Department Stores International's newly established liaison office in Manila. Del Rosso, who has been with May since 1975, was most recently account executive for import development at Venture Stores corporate headquarters.

K mart

(Continued from page 74)

been moved to the store front along with cameras. Home improvement merchandise has been drawn together in a more complete department, and H&BA features a broader cosmetics mix with more upscale vendor displays.

Store layout as a whole is in a race-track design while simplified signing and earth tones are used to improve general store appearance.

While K mart hopes to improve volume with this increased emphasis on existing units, and places less emphasis on new stores, the bottom line depends on better operating procedures.

Given K mart's rising administrative costs as a percentage of sales, management has undertaken steps to reduce personnel, increase its own distribution capacity and increase POS equipment. The need for these changes—K mart has lagged behind the industry in installing POS equipment, and distribution facilities have not kept pace with store expansion—could force the chain to seek outside financing. In addition, new facilities coming on line could cause startup problems this year.

K mart hopes to lick nagging out-of-stock problems through building its private carrier fleet; plans call for 85% of the stores to be serviced in this fashion by the end of the year. In addition, the number of distribution centers will almost double this year and in the first half of 1982, as five new ones are built at 1 million sq. ft. each.

In K mart's information-processing program, called KIN, almost a third of the chain's stores are expected to be hooked up by the end of the year.

Another cost-curbing move for the future involves a recent move to cross-train district managers in apparel categories and automotive and sporting goods. With managers responsible for more than one merchandise category (but fewer stores), field personnel can eventually be reduced. With payroll costs pinching the bottom line, there may be more changes of this sort in the works.

FedMart

(Continued from page 134)

inventory investment.

Sources also said FedMart may experiment with an approximately 150-sq.-ft. nutrition department in several units this year. These test sections are expected to include natural foods and vitamins and some natural health and beauty aids.

The distribution system streamlining is still only a small part of the chain troubles: FedMart is also still involved in negotiations with several Retail Clerks Union locals. The firm has requested wage freezes for store employees with other RCL locals and Teamsters, whose contracts will expire throughout the year.

Amid these negotiations, FedMart has continued to deny rumors of store closings, but industry observers and security analysts agree the outcome of these talks will undoubtedly have a heavy bearing on FedMart's next move. Some sources speculate that FedMart might be better off disposing of those stores in areas where the real estate value has substantially appreciated.

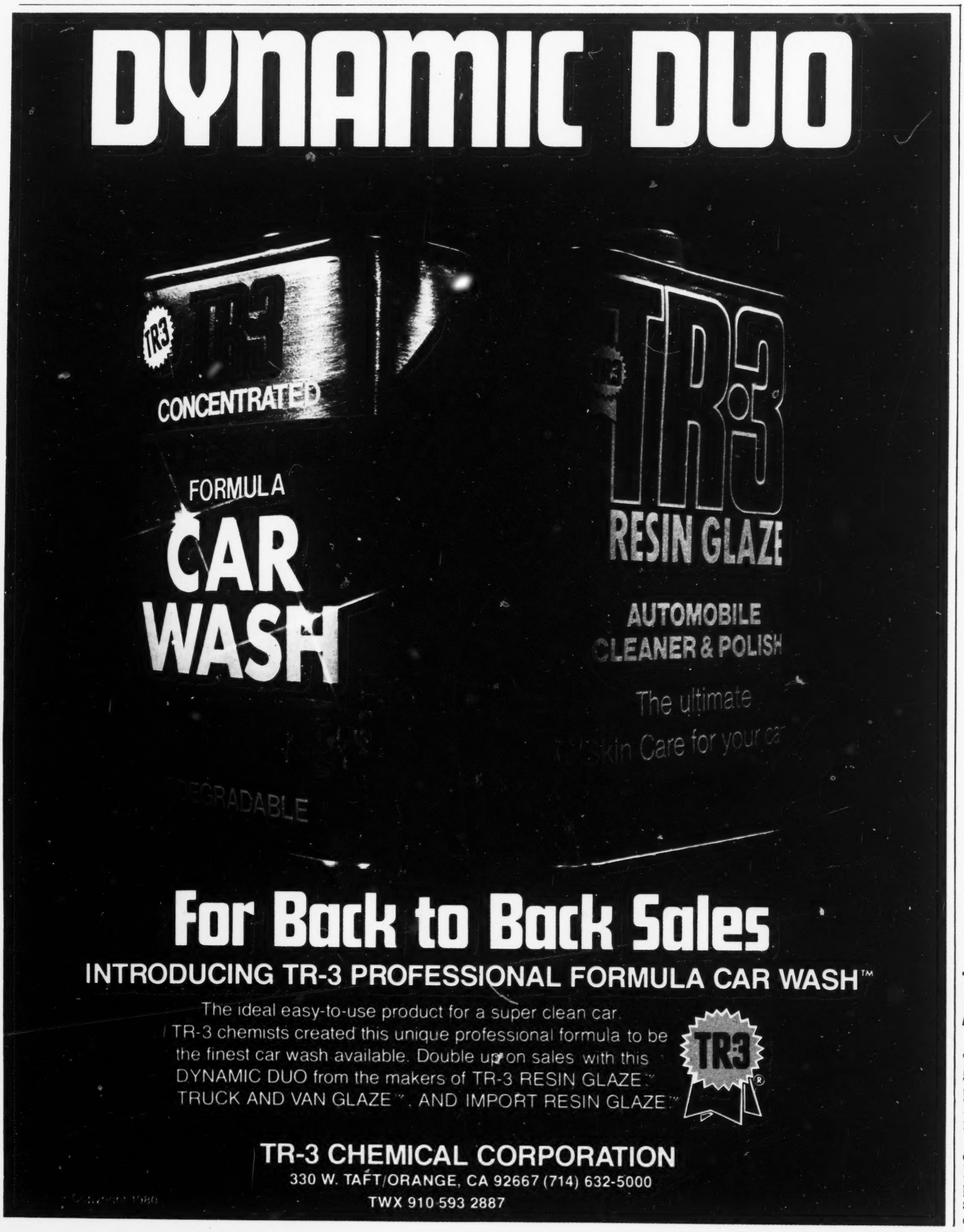
While the chain has no plans to expand this year, it expects to complete its remodeling program.

Key management resignations and firings this year included the replacement of Bernard Litwak, president for only five months, with Jan Heydorn, and the departures of both Robert Quayle, a top merchandising executive and vice president, and William Sliney, executive vice president-finance. Heinz Gundlach, who remains as vice chairman, has been removed from FedMart's day to day operations, while Mann takes over the reins of the executive committee, which Gundlach had chaired.

Toys 'R' Us Sets Another Near Chi

BLOOMINGDALE, Ill.—Toys "R" Us has purchased a 5.2-acre site in Stratford, a planned community in west Bloomingdale, near Chicago, for a 43,000-sq.-ft. store.

Construction is scheduled for completion by September 1981. By year's end there will be approximately 20 of the chain's stores serving the Greater Chicago area.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TR3
CONCENTRATED
FORMULA
CAR WASH
TR3
RESIN GLAZE
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CLEANER & POLISH
The ultimate
Skin Care for your ca
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INTRODUCING TR-3 PROFESSIONAL FORMULA CAR WASH™
The ideal easy-to-use product for a super clean car.
TR-3 chemists created this unique professional formula to be the finest car wash available. Double up on sales with this DYNAMIC DUO from the makers of TR-3 RESIN GLAZE™ TRUCK AND VAN GLAZE™, AND IMPORT RESIN GLAZE™
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Ads Reflect Direct Price Approaches

The considerable expense discounters are incurring to get consumers into their stores and in a spending mood was witnessed in April ads, where promotions ranged from "weekly savings magazines" to a warehouse sale that took place in the warehouse.

Discounters have been generating the excitement of a flea market with off hours, and unconventional environments, like a warehouse, and going the way specialty discounters favor with expanded apparel assortments at promotional prices.

Big K ran a near-full-page ROP ad for the last day of its Sunday $10 million warehouse sale, featuring a map to the warehouse north of downtown Nashville, where everything was on sale. A Coke and hotdog for 39 cents were part of the excitement for the noon to 6 p.m. event.

Heck's, the Charleston, W. Va.-based chain, sponsored a similar event with a "Lucky Seven-Eleven" sale. From 7 to 11 p.m., free refreshments were available, and prizes including a 20-in. bicycle, were given every 15 minutes.

The event ran in addition to Heck's April Sale Days promotion.

On sale: men's dress shirts at $7.99 from $11.99, leading apparel offerings and a broad assortment from the Food Center, Heck's consumables department.

Consumables and better apparel are promoted as frequently as the more familiar small appliances, housewares, H&BA and low-ticket seasonal goods; they are fair game now that discounters have committed to well-trafficked consumables departments and upgraded apparel lines whose high margins are needed even more with the industry's increased promotional activity.

Seasonal items including cameras, lawn and garden supplies, fishing and camping equipment and candies often play second fiddle to a new grouping of promotional items.

Gold Circle's full-size, 12-page color tab called "Money Savers, Your Weekly Savings Magazine!," featured only name brand apparel on p. 1; Calvin Klein jeans for women were advertised at $24.88, along with Levi's for men at $13.88. Inside, juniors, girls' and half-size items were promoted.

The front page of Zayre's "Spring Savers" tab included five apparel and one domestics listing, including boys' three-piece suits marked down to $9.59-$27.99 from $15.99-$39.99. Girls' skirt sets were marked off $1.99 to $4.99.

Bradlees' full-size color tab's p. 1 was a Superman graphic, with the "S" replaced by a dollar sign. The slogan "Something super is happening this week at Bradlees again . . ." referred to the second time the promotion has run.

Inside were two-page spreads for men's and women's apparel. Men's knit shirts were reduced to $5.99 from the regular $9.99, while the women's counterpart, appliqued with the chain's bumblebee trademark, was reduced from $7.99 to $5.49.

Instead of a fanciful spring theme, Rink's tab last month was titled "April's Biggest Bargains." It featured seasonal spring cleaning values.

ADSCAN

Tags of Brand-Name Items in Recent Ads

This new format for DSN's survey of recently advertised prices was selected because it allows us to include many more items than the previous format, from a greater number of chains. This alphabetical listing allows you to check your prices on 60 nationally known brand-name items against advertised prices from chains across the country. Readers are invited to send comments to ADSCAN Editor, Discount Store News, 425 Park Ave., New York, N.Y. 10022.

Item	Price	Chain	Location
Anacin, 200 ct	$ 2.99	King's	New England
Bohsei 13" color TV, #TC7001	248.00	Woolco	Ohio
Calvin Klein jeans	24.88	Gold Circle	Ohio
Canon AE-1 35mm camera	264.00	Woolco	Ohio
Castrol GTX motor oil, 10W40, qt	0.88	Two Guys	Newark
Chase & Sanborn Coffee, 1 lb can	1.99	Heck's	W. Va.
Clorox 2 Bleach, 40 oz	1.09	Two Guys	Newark
Coca Cola, 2 liter	0.89	Heck's	W. Va.
Corelle 16 pc. dinnerware set	19.90	King's	New England
Corning Ware Casserettes, 14 oz	3.99	King's	New England
Dak canned ham, 2 lb	4.79	King's	Mass.
Delco Freedom 50 car battery	54.99	Bradlees	New England
Dow Bathroom Cleanser, 17 oz	0.94	K mart	Ohio
Downy Fabric Softener, 64 oz	1.88	Rink's	Ohio
Drycrete Concrete Mix, 40 lb bag	1.49	Richway	Atlanta
Eureka Canister Vacuum Cleaner, #613	71.87	K mart	Rochester
Farberware 15 pc Cookware set	89.70	Caldor	Mass.
Fruit of the Loom Boys T-shirts, 3 pk	2.50	Bradlees	New England
G.E. Coffeemaker, #DCM-15	34.88	Zayre	Mass.
Gillette Body N' Curl Brush, #2970	9.70	Caldor	Mass.
Goodman's Potato Puff Mix, 6 oz, 3 box/	0.99	Two Guys	Newark
Grill Time Charcoal Briquets, 20 lb bag	2.87	Woolco	Ohio
Hoffman Line, 5 lb bag	1.99	Richway	Atlanta
Durand, 24 pc glass set	9.99	Gold Circle	Ohio
Johnson 115 Century spincast reel	10.99	Holiday Village	Minneapolis
Kodak Colorburst 50 camera	19.97	K mart	Ohio
Kodak Ektralite 500 camera outfit	37.88	K mart	Ohio
Listerine mouthwash, 32 oz	2.37	Fred Meyer	Oregon
Loft's Kentucky Bluegrass seed, 1 lb	0.66	Rink's	Ohio
Lucite Wall Paint, 1 gal	8.99	Woolco	Ohio
Maverick jeans	12.00	Caldor	Conn.
McGregor Baseball, Glove, #G10T	21.00	Goldman's	Dayton
Mennen Speed Stick deodorant, 2.5 oz	0.97	Two Guys	Newark
Michigan Peat, 40 lb	0.99	K mart	Ohio
Minolta XG1 35mm camera outfit	228.99	Venture	Chicago
Norelco Dil A Brw cffmkr, #HB5140	21.88	Venture	Chicago
Ortho Lawnfood, 24-4-8, 40 lb	12.99	Richway	Atlanta
Ortho Weed-B-Gon, #03968, 32 oz	5.49	Fred Meyer	Oregon
Palmolive dish liquid, 48 oz	1.97	K mart	Ohio
Panasonic AM/FM radio, #RF-504	15.47	Rink's	Ohio
Pennzoil motor oil, 10W30, 1 qt	0.79	Gold Circle	Ohio
Pert Shampoo, 15 oz	1.68	Zayre	Mass.
Polaroid Time Zero Instant film	6.59	Heck's	W. Va.
Pond's Cream & Cocoa Bttr Itn, 12 oz	1.54	K mart	Ohio
Proctor Silex coffeemaker, #A301	16.70	Caldor	Mass.
Pyrex 8 pc Bakeware set	10.99	Woolco	Ohio
Quaker State motor oil, 10W30, 1 qt	0.97	Woolco	Ohio
Scholl Exercise Sandals	11.99	King's	Mass.
Scotts Grow Fertilizers, 2½ lb box	1.99	Richway	Atlanta
Shop Vac wet/dry vacuum, #600-01	37.88	Rink's	Ohio
Signal mouthwash, 18 oz	1.24	K mart	Ohio
Smith Corona elec typewriter, #6LEH	233.00	Caldor	New England
Spalding baseball glove	16.99	King's	New England
Sweet N Low, 500 ct	2.99	Bradlees	Boston
Toro 14" chain saw, #51140	58.99	Bradlees	New England
Unisonic Wallet Calculator, #LC270	8.99	Woolco	Ohio
Waring Automatic can opener, #CO1318	8.88	Caldor	Conn.
Water Pik Shower Massage	14.99	Venture	Chicago
Weed Eater Spin Trimmer, #307	16.88	Woolco	Ohio
Wham-O Frisbee, #141G	3.44	K mart	Rochester

DuPont is telling your customers why Wintuk,* Sayelle,* Ardina* and Civona* premium yarns are worth their price -and more!

On TV. On radio. In magazines directed to yarn users. In newspapers. DuPont continues to create consumer demand for the famous yarn names that say top quality and value! So you can sell more.

Again, in 1981, full-color, full-page ads in McCall's Needlework and Crafts, Workbasket, Decorating and Craft Ideas, Better Homes and Gardens Needlecraft Ideas, Woman's Day Granny Squares, Woman's Day Needlecraft Ideas, Family Circle Fashions & Crafts, Woman's Day 101 Sweaters You Can Knit or Crochet, Crafts, and Crochet World. A selling lineup to help you sell more Wintuk,* Sayelle,* Ardina* and Civona* yarns of Orlon** acrylic! Promote these premium yarns for more sales!

DuPont Craft Yarn Spokeswoman. Del Feldman talks woman to woman, explaining the special advantages of Wintuk,* Sayelle,* Ardina* and Civona* to your customers. In television and radio appearances. In feature news stories. In major markets across the country. Be sure your shelves are stocked with the yarns Del Feldman will be telling your customers to look for.

A Review of Cash Management Strategies

By Stephanie Shern
C.P.A. and Principal, Arthur Young & Co.

Cash management has gained considerable importance in today's business environment. In a time of high interest rates and tight money, it is a viable means of increasing income and decreasing costs. The retailer industry has been a leader in effective and efficient cash flow management.

Today, the retail cash manager faces several major challenges:

- A normally high volume of customer payments, with a relatively low dollar value per item.
- A high number of sales locations, scattered regionally across the nation.
- Varying cash inflows throughout the year, because of the cyclical nature of retailing.

Increasingly, retail cash managers have relied upon automated systems to provide timely identification and control of cash sources and flows. This can be done either in-house or through external (bank-offered) sources.

There are appreciable benefits of streamlining cash flow. These include improved interest income and enhanced identification and control, both leading to lower borrowing requirements. For example, at a 20% annual interest rate, a $1 million improvement in float can achieve the following interest savings:

Days	Interest Savings
1	$ 548
3	$ 1,644
7	$ 3,836
20	$16,438

In this article, I'll provide an overview of the cash manager's three roles: Using banking systems, internal reporting (which includes accounting and cash forecasting), and meeting future challenges. Roles two and three will be discussed further in future articles.

Use Of Banking Systems

Various bank collection and disbursement systems have been developed over the years. These enable receipts and disbursements to move through the banking system, and include lock-box services, concentration banking networks, controlled and remote disbursing, wire services and automated clearing houses. The cash manager must tailor these systems to his or her needs and must be selective in using the various money services offered by banks.

In effect, the manager must run these systems by being active and aggressive in monitoring and controlling bank receipt and disbursement systems. Banks make mistakes, and early recognition of these errors should be an important part of a company's financial activity. The cash manager must also monitor the costs of banking services and measure their effectiveness.

Internal Reporting, Accounting and Forecasting of Cash

An equally important function of the cash manager is monitoring internal acceleration of receipts (billing cycles and internal processing), cash forecasting and accounting. This monitoring must be accurate, timely and coordinated for reporting to management. The following tasks should be undertaken in coordination with a company's accounting, store operations and treasury departments:

- Reconcilement of bank cash reporting and company ledgers on a continuous (perhaps daily) basis.
- Identification of each cash entry's origin and use for proper allocation.
- Integration of cash reporting, liquidity and debt from the company's various areas, so this information can be presented to top management.

Meeting Future Cash Management Challenges

Retail industry cash managers face a constantly changing and dynamic situation in the management of cash flows. The challenge is intensifying, because in the current- and near-term economic environment, cash managers will be called on to:

- Seek newer and cheaper sources of debt, e.g., banker's acceptances.
- Investigate and respond to changing regulations and methods of payment, i.e., the Bank Deregulation Act may ultimately increase the cost of banking.
- Evaluate the benefits of debit cards for payment.
- Streamline the processing and recording of credit card transactions.

Stephanie Shern, C.P.A., is a principal with Arthur Young & Company in New York. She is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association. She is also a member of the National Mass Retailing Institute, the National Retail Merchants Association, and the American Institute of Certified Public Accountants.

Bradlees' Parent Boosts Payout

BOSTON—Stop & Shop Companies, parent of Bradlees, will pay a dividend of 33¢ a share on July 1, 1981, to stockholders of record May 29, 1981.

The new dividend represents an increase of 3¢ a share. Since July 1979 the quarterly dividend had been 30¢ per share.

Brandeis Names Zayre's Sherman

WALTHAM, Mass.—Malcolm L. Sherman, executive vice president of Zayre [illegible]ingham, Mass., has been elected chairman of the Brandeis University Board of Fellows.

Selected for the post by the board of trustees of the university, from which his wife graduated and which his daughter now attends, Sherman will begin the two-year term in June.

Family Dollar Sales Gain 5.5% in 4th Qtr.

CHARLOTTE, N.C.—Family Dollar Stores' sales moved ahead 5.5% to $46 million and earnings advanced 7.8% to $2.6 million or 62¢ a share for the quarter ended Feb. 28, 1981, compared to the same quarter the year before.

Six-month sales for the chain totaled $89.3 million.

Toys for Tots Tops $1 million

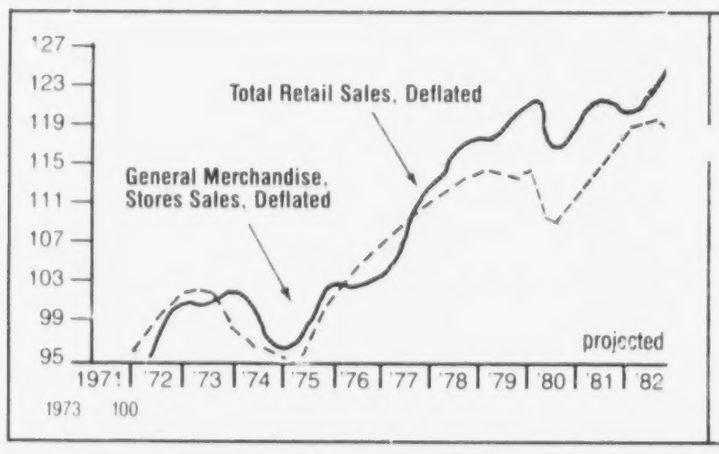
FRAMINGHAM, Mass.—Zayre and the U.S. Marine Corps again co-sponsored the Toys for Tots campaign to benefit underprivileged children at Christmas, and over $1 million worth of toys was collected.

Collection spots, set up in 243 Zayre stores, gathered more than 125,000 toys for needy children in orphanages, hospitals and family service organizations.

The toys collected were all new for the first time since the campaign started in 1947. Those that needed repair, which had also been accepted in the past, were not accepted this time.

L/F Econocycle

Peg GM/Discount Gains for July at 3%



General Merchandise/Discount

	Sales Change By Quarter '80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81* 1Q %	'81* 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	9.1	4.8	4.3	5.8	6.8	9.6	8.0	4.8	9	6	6
Real sales (Deflated)*	1.9	−2.4	−3.4	−2.0	0.5	3.7	2.4	−1.0	3	−2	1

Base = Feb 1980 Sales
*Projected

A new round of revised Government figures now indicates that overall retail sales this February rose slightly faster than originally reported—up 1.1% over recently upwardly adjusted 1980 volume figures.

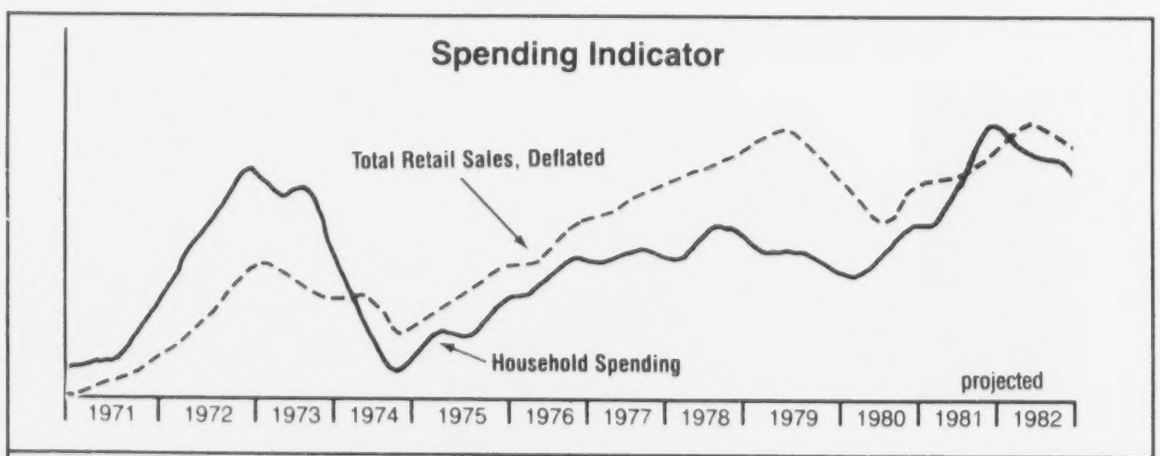
Last year, the Census Bureau reports, total retail sales hit $956.7 billion, 7% higher than 1979. With inflation factored in (at a 10% rate), "real" sales were off 3% for the year-to-year just past, the Government study shows.

As a result of these new adjustments, the L/F Econocycle model forecasts a slight improvement for retail sales over the next three quarters (chart below). Instead of a 1.1% decline in first period sales, the composite now shows a marginal 0.3% gain. More important, the balance of the year is being propped up for an average gain of about 5%.

The L/F Econocycle projection forecasts 3%-plus gains over the next two months (July-August), building to a third-quarter gain in the 2%-plus range.

This jibes, generally, with the sales advances expected by many discount department store chains, where plans have been made to buy business with increased promotional activity—but to do so with as little damage to the gross margins as possible.

Fewer items on the pages of each circular is one approach to minimize the impact on gross margins. Heck's, for one example, recently got an increase of some 19% in sales from a promotion this year that featured less than one-third as many items, but with a bigger presentation of each item across two pages of ROP space rather than three.


Spending Indicator
Total Retail Sales, Deflated
Household Spending
projected
1971 1972 1973 1974 1975 1976 1977 1978 1979 1980 1981 1982

Sales/Include Inflation % Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q*	9.3	10.1	11.5	6.8	12.0	10.0	8.9	6.8	8.0
	2Q*	12.7	9.5	13.2	18.0	11.8	15.0	10.1	9.6	10.9
	3Q*	10.5	7.9	14.9	10.2	11.9	12.1	11.2	8.0	9.6
	4Q*	10.1	7.8	12.7	0.2	8.6	11.0	11.2	4.8	7.5
% change 12 mos	1979	11.0	12.0	12.0	12.0	11.0	14.0	6.0	9.0	10.0
	1980	7.0	10.0	8.0	3.0	12.0	4.0	4.0	6.0	5.0
	1981*	10.0	8.0	13.0	8.0	11.0	11.0	10.0	6.0	9.0

Real Sales (Deflated)* % Change By Quarter

1980	1Q	1.2	5.8	0.0	2.5	3.8	4.9	1.4	1.9	1.8
	2Q	−5.0	4.9	−0.1	−17.4	2.0	−3.4	0.5	−2.4	−2.0
	3Q	−4.2	2.0	−0.9	−18.5	0.5	−5.8	−0.2	−3.4	−3.3
	4Q	−2.8	−0.6	−1.8	−10.6	3.9	−1.1	1.5	−2.0	−1.1
1981	1Q*	0.3	−1.7	2.3	−1.1	2.6	4.5	5.6	0.5	2.4
	2Q*	5.1	−2.7	4.2	11.8	4.3	9.7	6.2	3.7	5.5
	3Q*	4.6	−0.4	6.0	4.2	6.1	6.6	7.5	2.4	4.4
	4Q*	5.5	2.7	4.6	−6.0	4.3	4.3	8.1	−1.0	2.1
% change 12 mos	1979	1.0	2.0	2.0	4.0	3.0	8.0	6.0	3.0	4.0
	1980	−3.0	3.0	1.0	−12.0	2.0	−2.0	1.0	−2.0	−1.0
	1981*	4.0	−1.0	4.0	2.0	4.0	6.0	4.0	1.0	3.0

Base = Feb 1981 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

NMRI Convention Wrap-up: Pp. 2, 3, 25-27

Consumer Electronics Show Section: Pp. 7-11

6/10/81 C 5150-3

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Want a Billion-Dollar Southeastern Discount Chain?

By Doug Stinson

FOR SALE: Discount department store chain in the sunny Southeast. Annual volume more than $700 million from 200 stores, mostly in small-town markets. Needs work, but is basically sound. Also available, a 90-store chain in excellent condition, immediate profits from sales of $330 million in complementary markets. Total cost, $250 million. Terms, high cash.

The ad above is imaginary. But the opportunity is real, and waiting for someone with the right combination of cash and courage to make the move.

Let's start with the obvious. Kuhn's Big K—more than 100 stores in Alabama, Arkansas, Georgia, Kentucky, Mississippi, Missouri, South Carolina and Tennessee. More than 5 million sq. ft. of space, a big, centrally located distribution center/warehouse, and annual sales recently in the $300 million range. While the Big K stores have slumped recently, and many of the leases are less than favorable (with continuous operation clauses and no cap on the percentage rent), they do sit in some attractive locations. There is a store and headquarters staff, and an ongoing operation included in the relatively low purchase price. (One retailer's real estate executive put the price for Big K, including obligations that would be picked up by the new owner, in the $35 million range.)

Add to the Big K portion of our new super-chain the still-for-sale Heck's stores—just under 100 stores in nine states, with volume in excess of $300 million, and unlike Big K, highly profitable. This chain has been for sale for some time now, because of the steep ($150 million) purchase price and because cash is the preferred payment. But, like Big K, there is a full staff and an ongoing operation that fits well with the other stores available in the Southeast.

Now we have a chain of almost 200 stores, with sales in excess of $600 million. Add to these available sites in Virginia (some previously closed Murphy's Marts), and Memphis and Atlanta (The Treasury sites) and we can add another 10 stores—and a lot of retail space—to our proposed chain. Give those 10 big stores a conservative $5 million each in sales when reopened, and we add another $50 million to reach a total of almost $700 million in sales.

Now for the gray areas. While all chains are close-mouthed about their plans to close and sell off stores in any market, it is generally thought by many retailers that selected stores in the Cook United (Clark's), Zayre, King's and RDR chains are available in the

(Continued on page 30)

Cook United, Zayre Would Sell Some

Cook United's and Zayre's southeastern stores are among those the two discounters have admitted are for sale.

Following a store expansion program that seeks market saturation in current markets, Cook has let it be known that its "outpost" stores in single-store markets are on the block, according to president George Jeffers.

In an ongoing effort to streamline its operations, Zayre maintains a "for sale" list of 20 underproducing stores scattered across the chain's 22-state operating base.

27 Big K Discount Stores Reportedly on the Block

NASHVILLE—A list of available Big K and Kuhn's variety stores has been made available to interested chains—Roses and T.G. & Y. among others—as chairman Jack Kuhn continues his efforts to consolidate the chain.

Kuhn would not confirm or deny the existence of a list, but DSN has obtained a copy of one such list of 27 Big K stores and three variety stores that have been put on the block by Big K.

The list catalogs Big K sites in Scottsbourn, Tuscaloosa, Troy and Ozark, Ala.; West Helena, Ark.; Savannah and Brunswick, Ga.; Bowling Green, Ky.; Poplar Bluff, Mo.; Jackson and Paris, Tenn., and 16 sites in South Carolina: Waterboro, Orangeburg, Lake City, Florence, Myrtle Beach, Aiken, Cheraw, Greenville, Camden, Union, Summerville, Georgetown, Dillon, Anderson, Gaffney and Newberry.

The variety stores on the list are located in Sumter, S.C.; Hartselle, Ala., and Sweetwater, Tenn.

Retailers who had looked at the Big K sites offered were being very selective—in one case, actively considering only two of the seven already seen, and disregarding the South Carolina stores. The problem, as it was in the busted Wal-Mart acquisition, is the leases held by Big K. Continuous-operation clauses and the lack of a ceiling on the percentage part of the deal outweigh generally

(Continued on page 30)

Instead of high-tech tones, Zayre, Hialeah, Fla., uses plaid-upholstered flip chairs to romance consumers. The hard-to-merchandise items are stacked on flat for aisle-side promo. *(DSN photo)*

CE Merchandising at K mart May Be Due For Big Changes

TROY, Mich.—K mart may be poised to make major changes in its consumer electronics merchandising, including adding two TV games and one TV disc player to its mix, with some items appearing as early as this July.

K mart and industry sources report that the discounter will sell Atari computer games in about six markets this summer and that Mattel's Intelevision is scheduled to be added to the mix later this year.

RCA's VidioDisc player is available as a special order in some stores and is due to be added to the mix later this year in selected higher-volume markets.

The CE department will be used to merchandise these items, a K mart source explained, because it has salesclerks who can sell higher-priced products.

K mart tested Atari in one undisclosed market last fall. Its merchandising this year includes a special glass-encased displayer designed by the manufacturer.

K mart's move into TV games and disc players is being directed by Fred Shimp, head buyer for the CE department. It's part of the discounter's move to upgrade the entire black and white goods assortment, including a greater focus on standard model, name-brand white goods, rather than the derivative models featured in the past.

One K mart source explained that the emphasis on name brands reflected consumer dissatisfaction with the chain's derivative program. Shoppers knew that K mart was selling special models of the name brands and wanted to know why it didn't carry the same models found in other stores, the source explained.

He added that the top executives decided that offering standard models was the best way to get volume sales and maintain the chain's image of discounting national brands.

Flip Chairs Flesh Out Lifestyle Furniture Sections

By Laura L. Mulcahy

A sturdy piece of segmented foam, covered with brightly colored nylon, is luring more and more discounters deeper into a merchandise classification most would have feared as late as a year ago: lifestyle furniture.

With wicker and high-tech plastic housewares paving the way, the newly popular flip chairs—so called by buyers because of the way in which they convert from chairs to single beds—are giving a growing number of chains an opportunity to flesh out lifestyle departments with a trendy item that carries an $89 to $100 price.

Consumer response to upgraded wicker and KD (knock-down) furniture assortments has been strong enough this year to persuade buyers that the fashionable dual-purpose chair is worth stocking despite the handling problems connected with the bulky 4-ft. x 4-ft. x 3-ft. pieces—and the price.

(Manufacturers are also responding: At presstime nearly a half-dozen vendors were supplying chains with the item.)

Chains already in-stock on

(Continued on page 31)

Miller Is Following Pistner to Ward

MINNEAPOLIS—Charles J. Miller is following his former boss Stephen L. Pistner from Dayton Hudson to Montgomery Ward.

Miller, senior vice president for advertising and sales promotion for Target stores for seven years, at presstime was due to take over the newly created Ward post of executive vice president, marketing.

Miller is the fourth Dayton Hudson executive to head for the Windy City: Ron Beyma, Pistner's assistant at Dayton Hudson, and L. Edward Lewis, Target's senior vice president, personnel, have already made the move to Ward.

Productivity, Payroll Ploys Portrayed at NMRI Parley

Cook Builds Gross Margin Return on Investment

BAL HARBOUR, Fla.—Three chain executives—Stephen Goldberger, president, Hills; George Jeffers, president, Cook United, and Harold Smith, general merchandise manager, Magic Mart—outlined their chains' strategies to maximize gross profit dollars at the National Mass Retailing Institute convention's Session No. 3.

Jeffers impressed the large audience with his analysis and applications of the gross margin return on investment (GMROI) formula which Cook uses as a major decision-making tool.

GMROI, said Jeffers, brings unity to each level of the managerial hierarchy since all concerned work under one philosophy, and toward one goal. The formula also eliminates the need for piecemeal solutions, which have been harmful in the past, and instead encourages a comprehensive analysis of problems.

Cook looks for a GMROI of $1.47 (or 147%) for most of its departments—meaning that for every $1 of investment, the department should return $1.47 of profit. Soft lines, because of the added expenses incurred, especially travel-related costs, should have a GMROI of over $2.

Jeffers believes that gross margins are largely dictated by the competitive arena, and that GMROI analysis encourages focusing efforts on improving turnover of inventory by cost.

Basic housewares, for instance, became a candidate for further expansion when it was found to have a GMROI of $2.73. Candy, a "sleeper" category for Cook, brought in a GMROI of $2.19, and will have its scope and space expanded. "We don't want to hold the department back anymore," Jeffers explained.

Dating was extended to improve turns in automotive which churns out a GMROI of $1.55—a ranking that teeters on the line between being productive and nonproductive. Cook decided to give its tobacco department more attention, hoping to improve its GMROI of $1.37. Jeffers pointed out that with a little work, turns could be pushed up to 22-24 times a year.

H&BA GMROI of 92¢ was a disappointment, and was linked to misguided decision-making in the past. Three years ago, Jeffers said, the H&BA buyer was told to raise the department's margins, but in doing so, inventory turnover was damaged. Back then, the H&BA's GMROI was $1.50, and since became a victim of tunnel vision and piecemeal decision-making.

Cook is working toward a GMROI of $3 to $4 in its apparel departments to cover the higher expenses incurred.

New Attempts

Goldberger spoke first on Hills' methods of pumping more profitability into the merchandise mix, primarily apparel, and how to get more mileage out of sales.

Apparel represents Hills' strongest profit benefactor, taking up 60% of store selling space, and contributing that percentage to total volume. The category's 33% markup is maintained, since there are rarely markdowns (except on shopworn merchandise), and it gets an extra boost from a planogram program that spurs turnover of basic soft goods on feature tables and endcaps.

Basic soft lines such as white underwear, men's pocket T-shirts, socks, basic bras and panties have been on automatic replenishment since 1971, processed by size and color based on sales captured at point of sale. The program is "like money in the bank from a gross profit standpoint," Goldberger said.

The upgrading of soft goods has also aided the profit dollar cause. Programmed in-stock positions in lines such as Wrangler, Lee, Garan, Playtex and Fruit of the Loom have at least doubled the rate of sale of various merchandise categories when compared with their unbranded counterparts, Goldberger affirmed.

Hills' coordinated private label and controlled label programs give a lift to profit dollars in hard lines areas—first to offer a nonbrand counterpart to top-selling national brands, especially in H&BA and household chemicals, as well as in stationery and trim-a-tree ornaments, where brand recognition is not a major factor.

The following high-markup departments have been expanded and upgraded:

- Jewelry—Hills has moved into higher-priced, better-quality costume jewelry as well as into larger 14-karat gold and sterling silver items.
- Greeting cards and wrap—expanded from 48 lineal feet to 81 over the last 1½ years.
- Party supplies—Stretched from 16 lineal feet to 44
- Children's Books—Yielding markups in excess of 35% with few markdowns, the classification has been expanded from 20 lineal feet to 32.
- H&BA—Benefited from an active search for high-markup and step-up items. The chain tripled space and selection of vitamins, added step-up lines of cosmetics accessories, and added an 8-ft. section of skin treatments, which carry markups over 30% at discount prices.
- Housewares and home furnishings—Grew to include 26 ft. of wicker and high-fashion categories such as wire closet organizers, high-tech kitchen and tableware and unusual casual furniture.

Hills continues its commitment to massive displays of mix and match merchandise in all soft lines—bringing vendors to-

(Continued on page 26)

Formula: GMROI = Gross Margin % × Turnover at Cost

Category	GMROI	Gross Margin %	Turnover at Cost
Housewares (basic)	2.23	31.99	7.08
Candy	2.19	25.65	8.37
Automotive	1.55	30.49	5.05
Electrical	2.01	40.72	4.87
Tobacco	1.37	7.90	17.66
Yarns & Crafts	1.17	33.74	3.41
H&BA	0.92	15.73	5.80
Records	0.66	21.55	2.98
Cameras (excl. supplies)	0.08	5.34	1.26
Ladies' X-Sizes Sportswear	2.22	36.62	6.01
Ladies' Blouses	1.83	27.79	6.55
Men's Shirts	1.55	28.05	5.32

The Gross Margin Return on Investment formula was used by Cook United president George Jeffers in his presentation at NMRI Convention Session No. 3, "Maximizing Gross Profit Dollars." The GMROI equals gross margin percentage (gross margin dollars divided by sales dollars) times inventory turnover at cost (sales dollars divided by average inventory at cost).

Target Test: Specialty Teams Replace Dept. Mgrs.

BAL HARBOUR, Fla.—An experimental staffing program currently being tested in one Target store, if successful, could free the Minneapolis chain from the department manager system by which it—and the industry—has traditionally controlled its stores.

The year-old test was detailed at a recent NMRI convention seminar by O. C. Adams, chain vice president, operations.

The test, which replaces the chain's 13 department managers with approximately a half dozen specialty teams, each responsible for a single, storewide operation, is the latest in a series of experiments the chain has undertaken to improve store efficiency and reduce operating /payroll costs.

"We must curtail costs," Adams said, "and payroll expense is always one of the first things cited. Yet, if we keep reducing payroll, the maintenance of the stores will deteriorate."

The chain hopes that the system it is testing, which sets one "specialty team" to work on such operations as pricing, stocking, maintaining specialty departments (consumer electronics and jewelry), soft lines, hard lines and fashion, will be effective because the team members will not be "distracted" by the other problems that arise in a given department.

For example, Adams said, those store people assigned to making price changes will not be distracted by the problem of relaying counters. "They also will not be inclined to adjust prices to compensate for shortages in the department, so our overall productivity will improve."

Adams added: "The idea of stocking teams is not new; we use them every Christmas. We think it might be possible to use them effectively year-round."

The decision to replace department managers with specialty teams grew out of the extensive time studies the chain undertook to break down every store operation to better understand how its stores operated: "We now know how our business comes in by the hour, and week and by cash and check," Adams said. Using the front-end time studies as an example, Adams said cashier productivity can now be put at $450 to $700 worth of ring-ups an hour. To achieve these figures Target managers trained cashiers to ring up purchases without looking at the keys, and to handle the goods only once. "After they ring up an item they put it right into a bag," Adams explained. In addition, each cashier was supplied with a printout listing every item in the store to eliminate time-consuming price checks.

The same time studies were done throughout the store, and similar systems were created to improve productivity.

T.G. & Y. Ups Fleet's M.P.G.; Roses Saves Energy

BAL HARBOUR, Fla.—Phil Carr, vice president, traffic, at T.G. & Y., lifted his fleet mileage from 4.65 m.p.g. in 1975 to 5.85 m.p.g. last year, and saved 4,654,000 gallons of gasoline—more than $5 million at current prices.

His goal is 7.75 m.p.g., which will save $500,000 a year for T.G. & Y., a half-million dollars that will fall right to the bottom line.

He revealed this at Session No. 10, "Energy Conservation," at the NMRI convention.

Tom Banks, vice president, expansion, at Roses Stores, another speaker at the session, said he cut electric usage by 30% or 40% in many of his stores, and substantially lower in some of the newest stores with a combination of close supervision of energy demand and installation of energy conservation devices.

Carr's program, too, combined supervision of the drivers with new equipment to achieve his savings. A driver training program, for example, helped one skeptical driver boost his personal mileage by 0.4 m.p.g.; and stretching the T.G. & Y. trailers to 45 ft. (12.6% more cube space, cost $2,900, payback in six months, little effect on mileage) also contributed.

Other steps taken by T.G. & Y. included adopting tractor regulations requiring that repair shops be located within five miles of the chain's distribution centers, saving as much as 100,000 miles a year for the chain. A software package for a computer-controlled dispatch system (which has been tested in only one warehouse) is projected to save the chain as much as a million miles a year and reduce deadheading.

At Roses, a 15% electric-use reduction in that chain's all-electric (for the most part) stores was accomplished by making opening and closing procedures part of the store operations manual. When that reduction did not continue in the second year, energy-conserving lights were installed, but Roses was unhappy with the reduced candlepower on the selling floor. An alternative program that kept the original lights but removed two of the six lamps in each fixture (and changed the ballasts, too) got the chain another reduction to a total of 30% lower than two years earlier. The program requires only two employees who change the lamps regularly to achieve a total turnover every three years.

Other steps at Roses include automatic energy conservation devices that cut out heating and air-conditioning between 68 and 76°F; nighttime cutbacks of the HVAC systems; reduced outside wall exposure; orientation of new stores (when practicable and consistent with good planning) to maximize solar benefits and more insulation in the roofs and walls. The new stores, which include all these measures, have achieved electricity usage rates 30%-40% lower than the average of the old stores, where 30% reductions had already been obtained.

More important than the store and its equipment, said Banks, is the store manager. Some store managers get good energy efficiency wherever they manage, and others are consistently producing higher bills, he added.

In This Issue...

RAPPING IT UP. The panel sessions and sporting and social events at the NMRI convention were notable for their scope and diversity. (Pp. 2, 3, 25-27)

SOUNDBOARD. Consumer electronics buyers see lower price points as appropriate to the rough economy, for new as well as old products. (Pp. 7-11)

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Vol. 20, No. 11 June 1, 1981

Discounters, ever looking for prestige fragrances, have short-term options to boost productivity. Many take present mixes out of locked cases for self-service displays, as in Wal-Mart, Rogers, Ark. *(DSN photo)*

Fragrance Sections Go Upscale; Buyers Seek Better Lines Direct

Nationwide DSN Report

Fragrance buyers, who continue to knock on the doors of prestige houses, report there is more than one formula to upscale their departments until better lines become available direct.

These formulas include upgraded fixturing, broadened assortments to emphasize image, self-service, and even repositioned cosmetics/fragrance departments.

Woolco, for example, is testing moving the department next to apparel, instead of H&BA. T.G. & Y. is considering a similar move in the future, while chains that have upgraded to now-typical chrome tower fixtures are bringing the goods out of locked cases.

Buyers are accommodating a changing market. Not only are prestige lines in demand, but consumers also want more scents and more dilutions (soaps and body lotions, for example) of those scents.

With new products from major houses timed for late summer introductions (Mother's Day becomes less a factor each year as women develop wardrobes of scents they buy for themselves), buyers expect 81's flat to slightly increased sales to improve by Christmas.

Holiday open-to-buy dollars are similar to last year's, with higher-priced items (Revlon is pushing its third price increase this year) dropped and ancillary sku's, like bath and skin products, added.

One buyer explained why: An 8-oz. bottle of Wind Song body lotion sells for $4.50, while a similar-size spray would be prohibitively priced, because it is less diluted.

Added Gee Bee's buyer Shirley Dean: "People are learning to layer their fragrances, that just wearing a cologne may not be the best way to maintain a scent. People are becoming more knowledgeable, and that builds sales."

Woolco is about to jump into ancillary fragrance lines, which are expected to build sales while the chain tests its new self-service department in nine

(Continued on page 5)

NMRI/Du Pont Consumer Study

Coupons and Value/Quality Image Gain In Importance as Shopper Habits Change

BAL HARBOUR, Fla.—Seventy-six per cent of all shoppers interviewed said that rising prices have caused them to change their shopping habits for nonfood products, according to the just-released NMRI/Du Pont consumer shopping habits study.

Entitled "The Impact of Inflation and Energy Conservation on Consumer Shopping Habits and A General Merchandise Shopping Update," the study illuminated several areas of opportunity and improvement for discounters in the 1980's. Coupon use, a value/quality image, and advertising are all areas in which the study suggests opportunities for discounters.

Focusing on the effects of the sluggish economy and rising gas prices on shopping habits, as compared to the findings of similar studies conducted by Du Pont in 1972 and 1973, the report measured consumer response to advertising, comparison shopping and coupon usage, and offered a relative competitive ranking from consumers.

Of the 76% who said that rising prices had caused them to change their shopping habits for nonfood products, 51% responded that they were buying less or shopping less often. The effect of gas prices on habits was illustrated by the large leap over the last six years in the number of consumers who said that this factor had them adjusting their shopping patterns—from 39% of the respondents in 1973 to 58% in this year's study. Sixty-one per cent said they were either making fewer shopping trips or shopping less often since gas prices forced them to conserve.

Many people said they were doing comparison shopping today more than ever before for specific items. The number of respondents doing comparison shopping jumped from 77% in the 1973 study to 89% in this year's study. Thirty-five per cent said they comparison shopped for quality when purchasing apparel and accessories, and 33% said they shopped for price for these same items.

The study also showed that coupon usage was on the rise. Fifty-eight per cent of the consumers interviewed said they were using coupons that appeared in a store's print advertising for general merchandise items, whereas in 1973 only 44% reported using such coupons. Fifty-four per cent of the coupon users liked the concept; 24% didn't but use them anyway. Almost half (48%) of those who didn't like coupons said they were too much trouble. This factor opens up areas of opportunity for discounters in future promotions, indicating a potential for improving volume if coupon use could be made more convenient for shoppers.

Most importantly, and certainly no surprise to discount-

(Continued on page 30)

Prices Up; 32% of Shoppers Buy Less

QUESTION: What changes has the continuing problem of rising prices caused in your shopping habits?

Changes	Total	NE	MW	FW	SE
Buy less	32%	33%	38%	33%	23%
Shop less	19	16	21	21	16
Buy sales items	19	20	26	14	18
Buy essential only	13	21	13	13	9
More comparison shopping	11	11	14	14	11
Buy lower-priced brands	7	8	7	7	5
Switch to discount stores	4	1	2	2	12
Use more coupons	3	2	3	3	8
Go without	3	5	5	5	1
More quality conscious	3	4	3	3	3
Buy fewer clothes	3	7	3	3	—

NE—Northeast; MW—Midwest; FW—Far West; SE—Southeast. Responses total more than 100% due to multiple answers.
Source: DuPont study.

Thirty-two per cent of the 1,300 customers polled in this year's NMRI/DuPont study—conducted in key shopping malls in four geographical areas—said they were buying less due to rising prices.

Cataloger vs. Discounter

Bell to Invade Chi Area, Open Next to 2 Ventures

WASHINGTON—W. Bell, faced with growing cataloger competition in its home market here, will jump halfway across the country this fall and open its first two showrooms in the Greater Chicago Area, next to Venture discount stores.

The showrooms will open in Oak Brook and Schaumburg, Ill., in spaces originally slated for supermarket occupancies: In Oak Brook the supermarket never moved in, and in Schaumburg, a 25,000-sq.-ft. box store being tested by the Jewel supermarket chain folded after a year of operation. Bell is adding 10,000 sq. ft. to the Schaumburg store.

Venture sources said that Bell isn't viewed as competition for the discounter because the cataloger focuses on jewelry, and its nonjewelry mix features mainly higher-end lines such as Pioneer, Akai, Hasselblad and Reed & Barton which the discounter doesn't merchandise.

A Bell executive acknowledged that the cataloger was expanding to Chicago because its seven showrooms in the Greater Washington Area left few locations for additional growth there, while Best Products with five showrooms, Evans with four and Basco with two have heated up the cataloger competition.

Bell, with the most showrooms in Washington, goes against the other three catalogers in Rockville, Md.; faces Best in Falls Church and Arlington, Va., Evans in Arlington, and Basco in Tysons Corner, Va.

The Bell executive said Chicago was selected because the demographics look good for the cataloger. The showrooms are going into higher-income sub-

(Continued on page 30)

Unishops to Shut All 11 Clarkins; Sale of Six Stores in the Works

JERSEY CITY—Unishops, operator of 11 Clarkins stores in Ohio and leased soft goods departments in more than 140 stores, is abandoning discounting.

Unishops chairman Herbert Wexler told DSN that a letter of intent for sale of six stores has been signed, and talks are under way for sale of the remaining units. He refused to name the potential purchaser of the six stores, other than to say "a major retailer."

Irving Wiggs, acting as authorized representative for Unishops, is in charge of the Clarkins closeout but was unavailable for comment at presstime.

Store managers at Akron-based Clarkins have already been informed of the shutdown and are holding closeout sales. Tentative plans call for total closing of the stores between June 15 and July 1, according to one store manager.

Leased departments operated by Unishops include men's and boys' wear, shoes and domestics. Wexler said the men's and boys' wear department business was split and sold to Masters and Belscot. Perry Shoe, operator of leased shoe departments, was sold to its original owner, Mary Samowitz.

Unishops has had a turbulent financial history, including a Chapter XI filing in 1975. Out of Chapter XI since January of last year, the company unveiled a new Clarkins prototype last winter and had ambitious overhaul plans for Clarkins whose sales last year DSN estimated were $71 million. Now Unishops plans to reduce its long-term debt with proceeds from the sale of Clarkins leases, fixtures and inventory.

Sales at Unishops were $201.2 million for the year ended Jan. 31, 1981. Net income from continuing operations was $6.2 million. Loss from discontinued operations amounted to $3.9 million.

Profits at Unishops have come increasingly from Marlene Industries, a manufacturer of women's clothing and infants' sleepwear; its Paul Marshall Products importing division, and its Youth Center specialty stores. Unishops will redirect its resources into those divisions, as well as into its Central Textile division, which operates the leased domestics departments.

Zayre Tests 7-Version Prototype For Bath Dept.

FRAMINGHAM, Mass.—"Bed and Bath" signs are being replaced with ceramic-tile-look "Bath Shop" signs as Zayre tests a new prototype bath department with expanded mix and upgraded presentation in existing space in 17 Boston-area stores.

The move is part of a plan to make one more department "synergize" with others recently renovated (housewares, furniture, home and office, books and domestics departments), Malcolm L. Sherman, executive vice president and general merchandise manager, said.

The move is also bound to increase productivity by contouring a larger, upgraded mix to current dimensions.

There are seven versions of the prototype, which Sherman said represents a significant deviation from the rest of the industry. "We can't do it just one way because it takes so long to break the code," he said.

"Bed and bath is a category we expect to do more business in, and we believe this is the way to do it."

No target roll-out date has been set yet, because the test may continue for two months, as it did in the book department, or up to a year as in housewares, Sherman said.

The four-day renovation was completed at presstime at the Cambridge store, where employees said consumers had already noticed the difference.

"It is much more attractive," said one employee. "It strikes you when you walk down the aisle."

The new department, promoted with bag stuffers at checkouts and signs at store entrances, includes new fixtures and modified old ones that create the new look.

The far wall of the new shop is lined with cube merchandisers, stretching up to about 10 ft., which display towels by color. On top, a cardboard form is wrapped in a towel to create a highly visible, coordinated display guide.

Another fixturing change is a modified hanging shower curtain display. Once easily rum-

(Continued on page 31)

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'Chain For Sale'

(Continued from page 1)

Southeast.

The heavily stored small-town markets of North Carolina, South Carolina and Virginia (and several other states) have clusters of Clark's, Zayre, King's and RDR stores that can be cherry-picked to fill voids left by the Big K—Heck's combination. If 20-each of the Clark's, King's and Zayre stores were selected, adding 60 stores to our new chain, and a few RDR sites were added to the total, we now have almost 300 stores, with sales topping $1 billion, and a new candidate for discounting's rapidly growing billion-dollar club.

The total price tag on this deal would approach $250 million, with much of that in cash. With prime rates again around the 20% mark, the cost would be burdensome, but not impossible. The payoff, after all, is an immediate billion-dollar presence in the eastern Sunbelt, an area still growing rapidly. In comparison to the hundreds of millions invested in Montgomery Ward and Jefferson/Ward by parent Mobil Oil, the deal on our Southeast chain seems reasonable.

"Heck," said one Southeastern retailer, "that's less than a single office building in New York," speaking of the $250 million price tag.

The deal would be extremely complex, and depend on a great many unforeseeable variables (which fill-in stores would be available, for example). There are towns with populations of 20,000-25,000, and trading areas of 50,000, where four chains are fighting head-to-head for the biggest share of a small market.

Since the states involved are generally over-stored (one retailer said North Carolina has the most retail square footage per capita in the East), sales per square foot are generally low; and in an area of growing demand for higher productivity per square foot, that presents perhaps the major stumbling block to this opportunity. There's no doubt this would be a big roll of the dice.

But when one considers firms such as Brascan in Canada, and the Dutch conglomerate HEMA (which already has a foothold in Mack's Stores in the Southeast), or retailers like Mann in West Germany, one sees that the deal isn't impossible—just difficult and chancy.

(Of all the chains in the United States, Wal-Mart is perhaps the only one with a natural fit to most of the available sites, and the financial clout to pull it off.)

Whoever takes it on—or even if no one ever does—the amazing fact is that there is an instant, billion-dollar chain available for the buying—one that would dominate the Southeast immediately.

One retailer, daydreaming about the possibility of putting the deal together (but without Heck's), said, "Give me $40 million and 60 days, and I'd put together a three-quarter billion dollar company. About $50,000 on each store to give it a chain appearance, some new inventory, and I'd be in business."

Big K

(Continued from page 1)

low rents, some under $2 a foot.

Another retailer said: "I can't get the ones I like, and the ones I can get, I don't like."

Most of the stores offered are 40,000 and 50,000 sq. ft., with a few as small as 30,000 or as large as 60,000 and 70,000 sq. ft. In the most recent deal by Big K, in which six stores were sold to Wal-Mart, the goods and fixtures were retained by Big K for use in other stores, not sold to the purchasing chain or sold off in a GOB sale.

When questioned further about planned sell-off of his stores, Big K chairman Kuhn would only say jokingly: "I'll sell anything I own for the right price, except my wife and family," but would not specify any talks in progress or planned soon.

DuPont

(Continued from page 3)

ers, consumers have become more concerned with the quality/price relationship over recent years. Ninety-three per cent said they will check more closely for this factor than they used to in the past, and 81% said they will be shopping the ads more often.

On a positive note, 75% of the discount store shoppers (86% of the total respondents) said they were shopping these stores more often or at the same rate as they were two years ago. This compares to only 54% in 1973.

Thirty-four per cent of the interviewees who shopped discount stores cited price as the main reason they chose the store. Seventeen per cent named sales, and 15% answered that location/convenience was the primary reason.

On the other hand, 35% of the respondents who do *not* shop at discount stores said that convenience/location was the main reason. Twenty per cent cited poor quality, and 12% said they had no need to shop at a discount store.

Newspapers continue to be the leading source for drawing customers to the stores, although reading frequency has dropped considerably over the past six years. Of the total respondents, 54% said they read a newspaper regularly, as compared to 68% in 1973. Those who responded "seldom/never" to this same question, rose from 0% in 1973 to 10%.

Thirty-three per cent of those interviewed said they liked department store advertising the best, while 25% named discount stores. Another quarter of the respondents liked discount store advertising the *least*.

But, 85% said they recalled one or more ads that prompted them to go to the store to purchase the item advertised, and of those 55% named a discount store's advertising, while 42% noted a department store. In the 1973 study, 68% cited a discount store. Eighty-six per cent of those who went to a store to buy an advertised item completed their purchase plans—in 1973, 79% did.

Discount stores showed a jump in rating points for all marketing factors except store location, ranking highly favorably in pricing, quality, employee helpfulness, variety of merchandise, selection of merchandise and advertising. Department stores and the Sears, J. C. Penney and Montgomery Ward group fell in qualitative ratings on all factors except advertising.

The NMRI/Du Pont study is available from the NMRI, 570 Seventh Ave., New York, N.Y. 10018. For NMRI members, the first copy is free, and additional copies cost $30 each. For non-members, each copy is $45.

Bell

(Continued from page 3)

urbs that already are home to major shopping centers.

The move into Chicago, however, pits Bell against hometown McDade with seven showrooms including one in Westmont, Ill., two miles from Oak Brook, and Service Merchandise, which currently has 10 units, including showrooms in Downers Grove and Hoffman Estates that will compete with Bell's units.

Bell has obtained mailing lists of higher-income customers that it will use for distribution of its catalog when the two showrooms open in the fall. The same book that is distributed in Washington, Baltimore and Houston, Bell's other markets, will be used in Chicago, the executive said.

The units will be supplied from Bell's Washington warehouse and also by direct shipments from manufacturers.

The executive said the locations next to Venture will help both retailers due to the combined drawing power of the two stores as the main units in the strip centers.

The Schaumburg location is near the Woodfield Mall, considered the world's largest shopping center with four anchor department stores and about 230 other stores.

The Oak Brook location is near two shopping centers, the Oak Brook Mall and the Yorktown Mall.

Bell and Venture will have separate entrances for their stores.

One top Venture executive, vice chairman Julian Seeherman, is familiar with catalog merchandising. He had headed up Consumers Distributing (U.S.) during part of the period when that cataloger was jointly owned by CD (Canada) and May Department Stores, Venture's parent company.

Bell, however, is vastly different from CD, maintaining larger showrooms, a strong in-stock position and featuring a broad assortment of jewelry and high-end merchandise geared to higher-income markets.

Toys 'R' Us Biz Up 38.5% in Qtr.

ROCHELLE PARK, N.J.—Toys "R" Us reported sales for the first quarter ended May 3, 1981, of approximately $97.3 million, a 38.5% increase over the $70.2 million in the comparable quarter of 1980.

Charles Lazarus, president and ceo, reported the gain reflected a 23.7% increase in comparable toy store sales, in addition to the contribution made by new stores.

Caldor's April Biz Skyrockets 26.7%

NORWALK, Conn.—Caldor posted sales of $52,500,000 for the four-week period ended May 2, 1981. 26.7% over $41,184,000 last year.

Sales of $136,727,000 for the first quarter of 1981 were up 16.9% from $116,881,000 for the similar period last year.

Sales increases were attributed to strong store-for-store results, plus the fact that Caldor operated 58 units last year and 65 this year—with one opening in March, another in April.

Consumer Electronics Show

For New, Old CE Items

Lower Price Points Are Seen Key in Tough Economy

Consumer electronics buyers have seen the future and it is:

- Careful entries into videocassette recorders (VCRs), and primarily a wait-and-see stance on video disc players and software.
- A new generation of miniature stereos, which resemble component systems but carry much lower price points.
- Pocket-sized stereos with headphones, in cassette players and radios.
- Clinging to the $69 price point in off-brand television promotions (black & white) at the low end, or keeping as close to it as possible in a name-brand set.

The general excitement level in the industry may be highest when it comes to video equipment. The high-ticket VCRs ($700 and up) represent a huge market potential, especially when coupled with software such as prerecorded movies or blank tapes which can generate repeat sales. Many discounters are hesitant to stock goods with such high tickets, however.

Video disc systems have overcome reluctance at some chains to carry such a high-ticket item, as retails on a mechanical disc system (RCA) can run $450, but a major drawback here is that existing systems are incompatible. Pioneer, RCA and Panasonic discs are not interchangeable.

Merchandisers at Magic Mart, Murphy's Mart and Prange Way were among those who had hoped to stock disc players but took a wait-and-see strategy, at least until after the CE show.

Jefferson/Ward and Caldor are among the chains testing the water in both VCR equipment and video discs. Jefferson/Ward has carried the discs and players since March but does not promote them because of RCA's own promotional efforts. The chains have not taken deep cuts in their promotions of VCRs—at present there is no competitive need to do so. Both Caldor and Jefferson/Ward have also promoted prerecorded and blank tapes with their VCRs.

Catalogers have the jump on discounters in video equipment, with chains stocking four to six sku's, commonly in VCRs. Disc players came out too late to make most catalogs this year.

In stereo, much of the interest lately has been in miniature units with Hills and Pamida among those interested in the subcategory. Price points will fall close to $200 at many chains.

Discounters have been inching up toward $350 in stereo price points—K mart promoting sets just above that—although the bulk of promotional activity remains under $300. Woolco, which had been as high as $699 in stereo price points last year, has dropped down $150 on its high end to $549. Target, Zayre, Caldor and Jefferson/Ward have all been hitting price points between $100 and $200 in recent promotions.

In promotional black & white televisions, industry opinion is still split, with some chains favoring off-brand, private label or unbranded sets which enable them to keep the psychological edge of a $69 price point in televisions. K mart, Woolco and Zayre are among those promoting sets at $69 recently. Even Jefferson/Ward, which prides itself on being a name-brand house, uses one line for a $69 promotion.

(Continued on page 31)

Discounters Almost Double CE Space Over Last 5 Years

	1970	1975	1976	1977	1978	1979	1980	10-year change	5-year change	'80 vs. '79
Dept. Size (sq. ft.)	1,100	1,058	2,215	1,950	1,950	2,000	2,000	+81.8%	+89%	NC
Annual Turns	3.5	3.4	3.1	3.1	3.0	3.0	3.0	−14.3%	−11.8%	NC
Volume Per Sq. Ft.	—	$185.00	$196.61	$197.23	$203.34	$206.44	$208.00	—	+12.4%	+0.8%
Initial Markup	23%	24%	26%	26%	26%	26%	26%	+13%	+8.3%	NC
Gross Margins	19%	20%	22%	22%	21%	21%	21%	+10.5%	+5.0%	NC
Discount Store Sales	—	—	—	—	$2.7B	$3B	$3.2B	—	—	+6.7%
Sales Per Stores	—	—	—	—	$396,521	$412,882	$415,504	—	—	+0.6%

NC—No Change. B—Billion. *Source: DSN research*

Consumer electronics departments have experienced a boom in the last five years, leading discounters to almost double their floor space in the department. Initial markup and gross margin have also inched upward, but turnover in the department overall has fallen. Though 1980 was a tough year, volume gains over the last two years equaled 18.5% and much of this reflected an increase in unit sales. Goods in the consumer electronics category have one of the best in-store records for holding price points season after season.

Pocket-sized stereos with headphones are the new wave in portable music, with some chains promoting cassette players and others running radios with smaller tickets.

Pocket-Sized Stereos With Headphones Will Get A Wide Hearing From Discounters This Summer

Discounters will widely test CE's new image category this summer—pocket-sized stereos with headphones—but expect the business to take off next spring.

Buyers look to the June CE show for proliferation of vendors in the category, primarily with knockoffs of Sony's high-ticket Walkman, but manufacturers already in the category include Toshiba, Sanyo, Yorx, Aiwa and G.E.

Some discounters will be trying AM/FM or FM radios with headphones rather than stereo cassette players, with vendors such as Caprice and Lloyd's offering much lower price points than cassette players but the same ultimate portability in music.

Woolco will be merchandising pocket-sized stereos in both a radio and cassette-player format, on a test basis, in one-third of the chain's stores.

"These are new spring items and have just hit the stores, but we are looking to expand the category if the test turns out well," said a Woolco buyer.

Woolco will be carrying a Yorx portable stereo cassette player near a $60 price point, and a step-up Aimor Travel Mate near $100. An AM/FM stereo radio from Mura called High Stepper will be run at $59.95.

The stock is being tested in 100 Woolcos in both metropolitan and suburban markets, with regional promotions but no national advertising on the items.

"We may have advertising coming along in the fall," the Woolco buyer said. "We want to stay with low price as the primary selling aspect in the category, rather than having more features on an item. We'd like to stay within the $49 to $59 price range."

Alexander's and Prange Way have both used radio stereos to hit low price points in the category recently, trying out a much lower end than Woolco. Alexander's ran an AM/FM unit at $39.99 in a recent promotion, while Prange Way advertised an FM unit from Caprice at $29.99 ($34.99 everyday price).

Gee Bee, meanwhile, has promoted G.E.'s Stereo Escape cassette player at $89.99 ($99.99 everyday), which is still significantly below Sony's Walkman (over $130 on promotion). K mart has gone with an unbranded unit, Stereo-on-the-Go, at $78.

"People will look for the Sony until they see the price, then they'll start looking for a better deal," a Danners (3D) buyer said of his choice to go with a knockoff item in the category.

Danners has placed orders for Yorx Traveller cassette players, though the units are not in-store yet. Everyday price will be under $59. The chain will also offer a Lloyd's AM/FM radio for under $30.

"We are expecting good sales through the summer to tie in with outdoor activity. We haven't set up a promotional schedule yet. We'll wait until the units have been in the

(Continued on page 31)

HARDWARE

These hardware figures, for the 30-day period ended March 27, 1981, were supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, and cover 600 stores including 480 discount department stores in 35 states. Average retail prices reflect typical price points for discount chains.

Profit dollars lie in accessories rather than power tools for most discounters. Accessories are neatly cross-merchandised with tools at this Mays in Yonkers, N.Y. *(DSN photo)*

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	PLUMBING			
1	White Al/Amer Wood toilet seat	1,248	6.62	8,261.76
2	560 U-Plm toilet tank repair kit	1,176	5.18	6,091.68
3	PM 3600 Flo Plastic pump-pedestal	72	62.33	4,487.76
4	DMP21HK Flotec drill pump	536	5.48	2,937.28
5	5102 Nasco Master Plumber qt	2,148	1.25	2,685.00
6	SC3000 Flo cast iron pump submers	22	105.69	2,325.18
7	B293A Great V prsnl shwer 2 spray	134	16.96	2,272.64
8	SM 3000 F10 plast pump-submersible	23	97.30	2,237.90
9	PC 3600 Flo cast iron pump-pedestal	30	70.76	2,122.80
10	760 U-Plumb P-trap 1¼ bathroom	384	5.27	2,023.68
11	767 U Plumb J-Bend 1½ chrome	456	3.85	1,755.60
12	766 U-Plm J Bend 1¼ chrome	432	3.47	1,499.04
13	50490 Oatey 50/50 SW Solder ½ lb	276	4.96	1,368.95
14	L1100 Aqua Kitchen faucet sgl cont	48	27.90	1,339.20
15	PB3600 Flo bronze pump pedestal	13	102.62	1,334.06
	LAWN & GARDEN			
1	575875 Signet Hose 5/8 radial	2,010	12.51	25,145.10
2	615 K/S Line trimmer ½ HP Electric	602	38.21	23,002.42
3	SLR Tempr L handle rount Pt shove	3,342	6.15	20,553.30
4	51225 Toro Trimmer Weeder 900	681	28.17	19,183.77
5	500-05 Color ½ vinyl 2 ply hose	5,410	3.36	18,177.60
6	90 Melnor Garden sprayer poly, 2 gal	476	26.68	12,699.68
7	SB14 Temper bow rake	1,998	6.15	12,287.70
8	51325 Toro Trimmer/Weeder 1100	179	61.62	11,029.98
9	SG 6 Temper hoe	1,662	4.68	7,778.16
10	785 Melnor hose reel/cart	278	26.70	7,422.60
11	1608-50 Color 5/8" Nylon rnfced nontxc	575	12.22	7,026.50
12	1601-75 Color 5/8 Nylon rnfced hose	498	13.67	6,807.66
13	58 P Keller leaf/lawn rakes 22	2,688	2.52	6,773.76
14	700 PM Paramount Edgr/Trmmr ¾ HP	118	56.18	6,629.24
15	8640-80 Color 5/8 Radial tire cord	378	16.25	6,142.50

(Continued on page 19)

You're watching a glove catch a customer.

All by itself, a Louisville Slugger® glove can catch a customer. First it catches his attention with rugged good looks. And then once he's tried it on, he's caught up in a new found feeling of fielding confidence.

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Each glove in the Louisville Slugger lineup is made of top-grain cowhide. And each glove is made with the kind of craftsmanship that produces a firm yet flexible feeling of total control.

Quality is why Louisville Slugger gloves perform so well in the field. And it's why they sell through so well in your store—at solid margins.

So this season, don't order gloves catch as catch can. Order the complete Louisville Slugger line. They're the ones that sell through.

Louisville Slugger®

H&B Hillerich & Bradsby Co., Louisville, Kentucky

PMA® PRODUCT MOVEMENT AUDIT

Promotions Pumped Up In Hardware

By Ed Russ
Executive VP, Stem Distributing

Fill-in movement figures for March reflected the fact that all segments of the hardware industry will be trying to squeeze extra volume from a tough retail environment this year.

We at Stem are trimming sku's in most categories, looking for the most productive inventory line. Among our discounter customers, we are seeing a large increase in promotional efforts. There are now 12 to 14 promotions where we saw six or seven two years ago. Vendors are also giving monthly and seasonal specials, as well as holding in-store road shows to help keep up business.

In lawn and garden, we naturally see hoses and trimmers as tops in dollar movement. While the consumer will not go out and buy a trimmer every two years, they do replace hoses almost every year.

Consumers used to buy the cheapest hose every year, but there has been a move to step-ups and hoses remain a strong seasonal promotional item. Another good seller has been the 14-in. to 16-in. diameter storage reel for hoses. We've carried it in the past, but we are really getting the sales volume on it this year.

In lawn chemicals, total dollar volume is down about 20% from a year ago. We have pared our sku's in the category (Ortho), so we are selling more of each item though total dollars are down. Shoppers are more environmentally concerned now, and are staying away from the chemical sprays in particular. Fertilizer sales are still strong, however.

In plumbing, pumps man-

(Continued on page 19)

J. Brannam Unwraps 10; Total: 37

DENVER—J. Brannam, Woolworth's 1½-year-old apparel specialty chain, recently swelled its ranks to 37 units with 10 openings: four here, one in nearby Boulder, four in Indianapolis and one in Springfield, Ill.

Brannam, which sells brand-name merchandise at discounted prices, intends to open an additional 10 units throughout the country during the remainder of the year.

The Denver units are located at East 104th Avenue and Washington Street, West 36th Avenue and Youngfield Street, West Jewell Avenue and South Wadsworth Boulevard and University Boulevard and Orchard Avenue. The store in Boulder is on 28th and Walnut Streets.

PMA®

PRODUCT MOVEMENT AUDIT

Promotions

(Continued from page 14)

aged to show in five of the top 10 spots in dollar movement. It was a wet spring in many of our service areas, so pump sales have been strong overall. Pricing has also become sharper as some vendors lowered pump prices, though two models now retail near the $100 mark. Despite the high tickets, those two sku's were in the top 10 in volume for the plumbing category over the last year.

Turning to import items, the major trend we see is that discounters aren't using import tools in the same manner as in the past. In previous seasons, discounters have gone with dump tables filled with tools priced under $1. Now these tools average $1.50 and are given freestanding pegged displays in high-traffic areas for impulse purchases. The No. 5 item in the imports, for instance, is International Sales' 10-in. grip lock plier with an average retail of $3.67.

Most of the import business remains in tool sets which are run on advertised specials, but imports are needed in merchandising programs now because of the higher price points in domestically made hand tools. A United States-made hammer which used to run for $2.99 will now run $6 to $8.

Stanley's 20-oz. hammer breaks the $10 price point, but is a strong item nonetheless, appearing among top movers in the tools category. Repeating as consistent top movers in that category are Stanley's Powerlok tapes, Bernz blow torch and accessories and No. 1, the Arrow staple gun. Bucking the general inflationary trend, the Ajax home rivet tool is one item in the category which has a slightly smaller average retail for the season at $7.55 rather than last year's $7.79.

Inflation has shown steadily in Black & Decker's offerings, as prices overall increased about 12% last year. Two more price hikes are slated for this year, but sales in the category have been good. The Workmate remains a very popular promotional item, with the benchtop model tops in unit movement here, closely followed by the single-height model.

Black & Decker's trade-up power tools show more movement than its basic promotional models, which is in part a response to the firm's advertising. The company has emphasized its higher-priced tools in ads. Our movement in Black & Decker goods has increased greatly since we added its accessories over the last year.

In other power tools, we are going to trim sku's, consistent with our total plan of narrowing assortments. We will probably go with one or two national vendors instead of three, as we do now. Dollars in the category do not justify the breadth of lines we now carry.

We are experiencing more continuity of business when it comes to electrical goods this spring. We are selling more multiple outlets and more rheostats than in the past, although as a category electrical items are too technical for extensive

(Continued on page 20)

HARDWARE

(Continued from page 14)

ELECTRIC

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	SL-1K Flor Shop Lit comp 40 W-28"	1,028	16.14	16,591.92
2	3101-100 ft 16/2 RD cord, ext outdoor	941	12.04	11,329.64
3	DR600RC Lutron U L Rotary Dimmer	2,334	4.07	9,499.38
4	3302-100 ft 16/3 RD cord ext outdoor	676	14.02	9,477.52
5	CFL 22 con-serv fluor lite scru-in	624	9.92	6,190.08
6	U100 Aliance Tena-Rotor automatic	113	48.69	5,501.97
7	436 6' 14/3 cord air-conditioner	2,091	2.20	4,600.20
8	100 Colton E Z cord ext cord holder	1,607	1.77	2,844.39
9	1219-60 Tape import PVC ¾ x 60'	5,399	0.48	2,591.52
10	AP15-X Flor U cab Fix w/o outlet	361	7.07	2,552.27
11	DR 600PS Lutr UL Dimr Push on/off	454	4.97	2,256.38
12	4484/201 25' TRB Lite Plas guard rd	373	5.22	1,947.06
13	4170/151-6-8½ clamp on light	372	4.67	1,737.24
14	WRW 220 Flo Wrap/Arm Fix 2-20W-24	55	27.02	1,486.10
15	DNG 600PS Lutr DMR Push on/off lite	196	7.55	1,479.80

BLACK & DECKER

1	7308 Black & Decker 7¼ circular saw	1,078	36.42	39,260.76
2	9330 Dustbuster	482	28.95	13,953.90
3	7190 ⅜ Drill vs rev lock	431	31.86	13,731.66
4	8124 Shrub/hedge trimmer deluxe	456	36.28	11,983.68
5	7127 ⅜ drill variable speed rev	478	22.76	10,879.28
6	7580 jig saw variable speed	289	27.96	8,080.44
7	7404 sander double insul	360	21.35	7,686.00
8	7600 Router ⅝ HP Ball Bearing	223	30.32	6,761.36
9	7504 Jig saw double insul	370	13.32	4,928.40
10	7004 ¼ drill double insul	380	12.82	4,871.60
11	79-020 benchtop workmate	114	37.87	4,317.18
12	79-003 workmate single htg	88	47.12	4,146.56
13	75300 Jig saw 2 speed	184	20.48	3,768.32
14	7436 Sander dual/act ⅓ sht	108	31.96	3,451.68
15	79-001 workmate 29 in dual ht	29	95.28	2,763.12

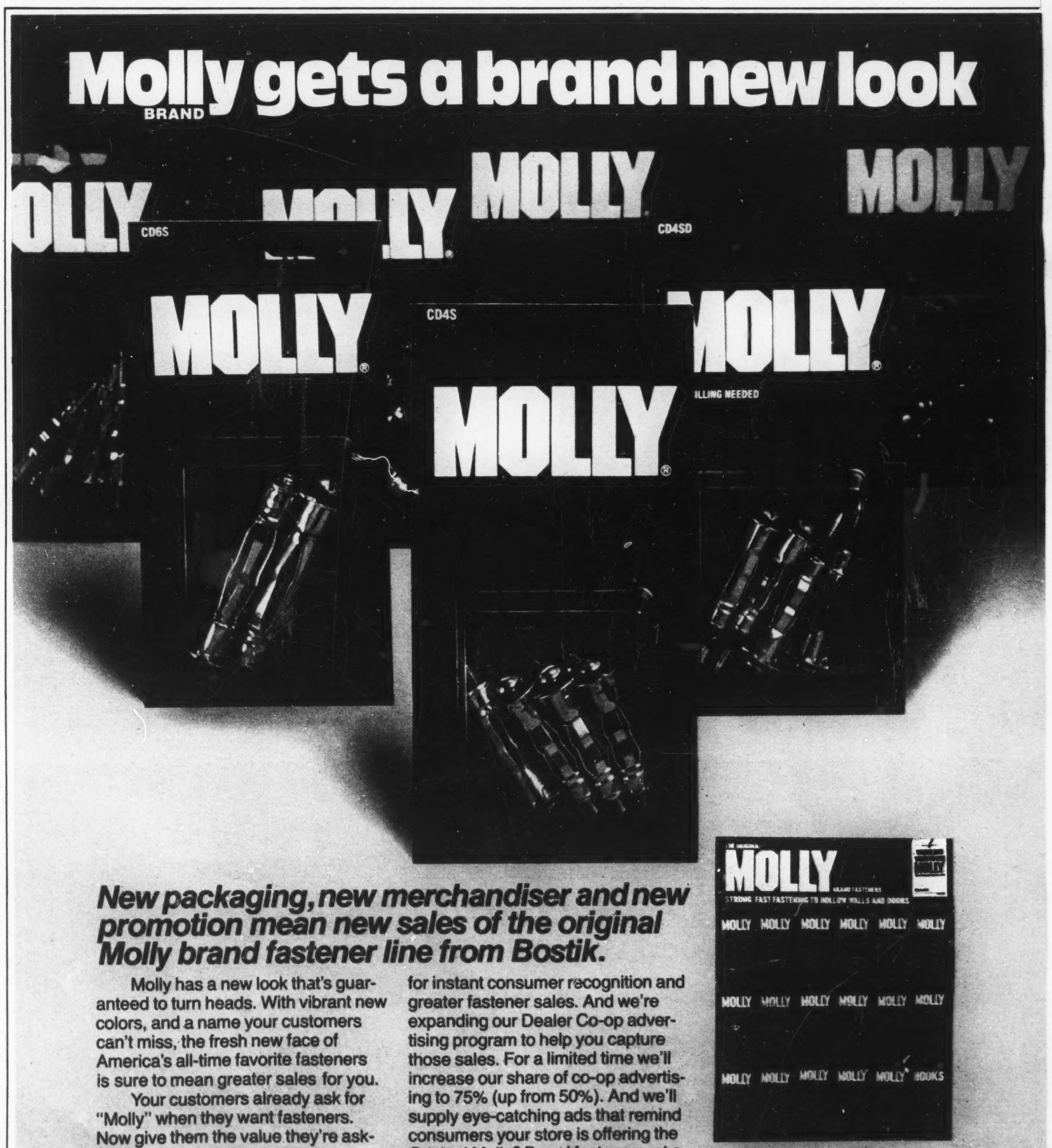
TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	T 50 Arrow Staple gun chrome	850	14.50	12,325.00
2	PL425 Stanley tape 25' powerlock	1,032	10.54	10,877.28
3	32001 Swingline elec nailgun	306	34.58	10,581.48
4	TX9 Bernz fuel cylinder	4,020	2.47	9,929.40
5	UL100 Bernz propane blow torch	924	9.42	8,704.08
6	N144L glove split leather large	1,872	4.50	8,424.00
7	OX-9 Bernz oxygen cylinder	1,620	4.94	8,002.80
8	N144L H & L glove split leather, med	1,464	4.50	6,588.00
9	JT25 Bernz torch kit plastic box	246	21.22	5,220.12
10	ST1A Stan hammer 20 oz rip stl/handle	435	11.86	5,159.10
11	301-01 Spitfire brazing torch	528	9.52	5,026.56
12	PL 320 Stan 20' powerlocks tape	545	9.12	4,970.40
13	OX-2500 Bernz tote torch kit	150	33.00	4,950.00
14	385-55-3 Ajax home rivet tool	557	7.55	4,205.35
15	PL316 Stan 16' powerlock tape	489	8.51	4,161.39

POWER TOOLS

1	574 Skil 7¼ 1¾ HP Circular saw	475	39.08	18,563.00
2	584 Skil var/rev ⅜ drill	432	29.31	12,661.92
3	76601-16 McGraw Ed 5" bench grinder	201	36.05	7,246.05
4	203 USM Electric glue gun	876	7.73	6,771.48
5	487 Skil jigsaw 2 speed	218	29.31	6,389.58
6	8200 PK Weller 100/140 W Soldergun	259	18.65	4,830.35
7	943 Wen 7" Sander Polisher	108	44.10	4,762.80
8	490 Skil St/Line/orbital sander	119	39.08	4,650.52
9	PR19 Wen 3" welt sand dbl/insul	77	45.75	3,522.75
10	2002 Skil 3/8 cordless drill	78	41.36	3,226.08
11	8651 3M Dust mask	1,608	1.77	2,846.16
12	16L25 Lenk 25 W soldering gun	407	4.96	2,018.72
13	497 Skil deluxe var/speed jig saw	45	38.02	1,710.90
14	1616 Partner 16" gas chain saw	10	170.23	1,702.30
15	1150 Pro Arc arc welder Kit 115 volt	14	98.57	1,379.98

(Continued on page 20)


Molly gets a brand new look
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HARDWARE

(Continued from page 19)

HOME IMPROVEMENT

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	G2420 Grbg bg H.D. 26 gal/20 can	5,400	2.24	12,096.00
2	16' aluminum extension ladder	138	55.74	7,692.12
3	6' aluminum stepladder household	210	35.65	7,486.50
4	6' Wood step stepladder special	204	23.95	4,885.80
5	123 Standard equip Z shelf bracket	4,212	1.10	4,633.20
6	20' aluminum extension ladder	56	74.51	4,172.56
7	2' Wood stepstool	452	7.89	3,566.28
8	32"/732 screen wire alum 6' 4"	1,090	2.95	3,215.50
9	2' x 4' x ⅛" pegboard	2,400	1.25	3,000.00
10	136"/736 screenwire aluminum 7'	830	3.57	2,963.10
11	28"/728 screen wire alumn 6' 4"	1,020	2.62	2,672.40
12	26"/726 screen wire alum 6' 4"	1,090	2.36	2,572.40
13	310 BLK Natco rub mating 36 x 105'	13	191.66	2,491.58
14	24"/724 screen wire alum 6' 4"	1,100	2.24	2,464.00
15	8360 Enco-Pac fiber screen 36 x 84	768	3.15	2,419.20

PAINT

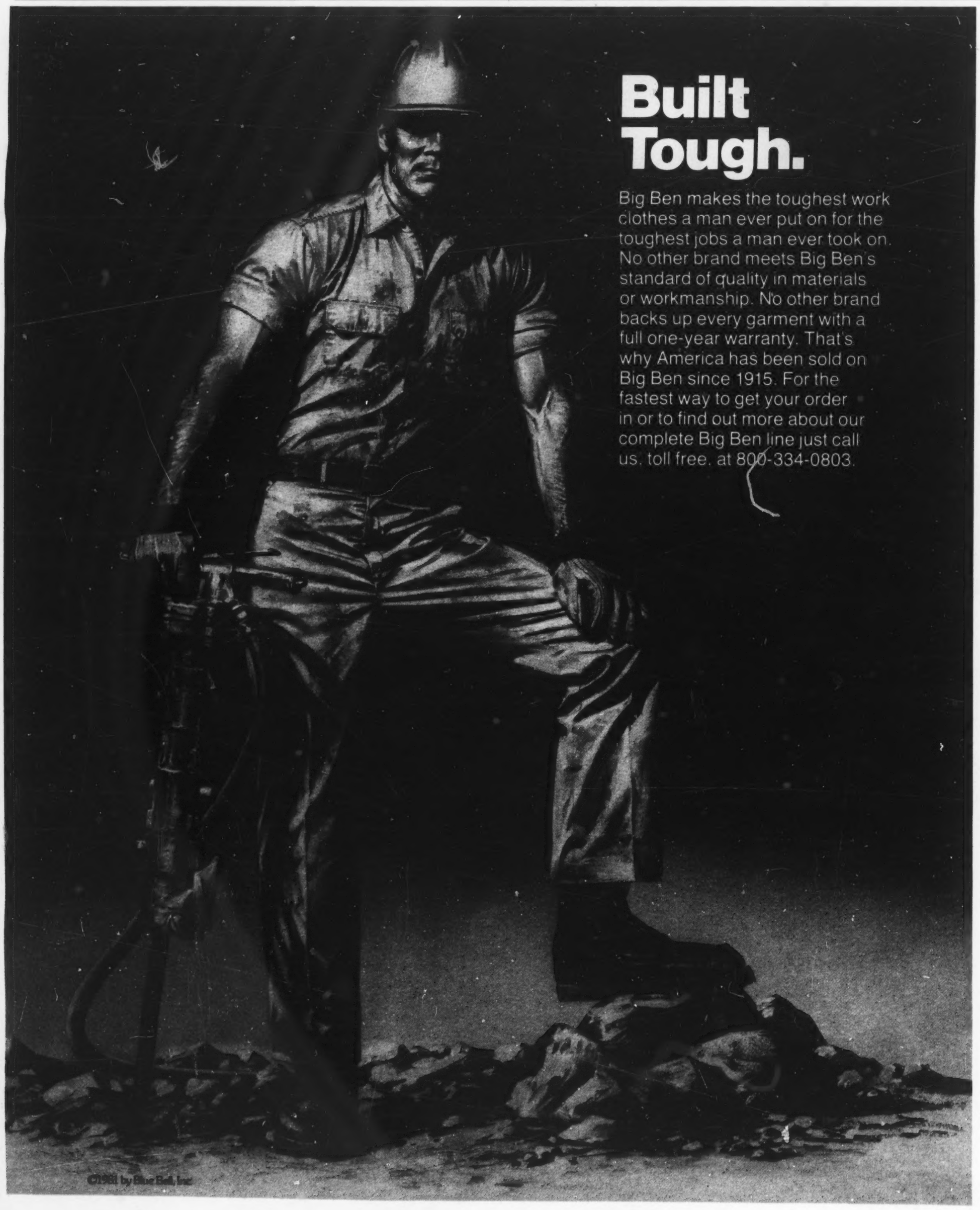
1	0013 Formby 32 oz furniture refinish	786	7.75	6,091.50
2	100 Waterlox transparent gal	248	11.73	2,909.04
3	93 Defthane clear polyurethane Stn, qt	438	5.38	2,356.44
4	0010 Formby 16 oz furniture refinish	516	4.22	2,177.52
5	89 Defthane clr polyurethane glss, qt	510	5.38	1,825.80
6	0011 Formby 64 oz furniture refinish	144	12.67	1,824.48
7	94 Defthane clr polyurethane satin, pt	486	3.60	1,749.60
8	62 Deft clear semi gloss, qt	294	4.85	1,425.90
9	88 Defthane clr polyurethane glss, gal	92	16.03	1,474.76
10	NTTC NY Bronze chrome spray, pt	756	1.91	1,443.96
11	90 Defthane clr polyurethane glss, pt	408	3.60	1,468.80
12	61 Deft clear semi gloss, gal	92	13.91	1,279.72
13	92 Defthane clr polyurethane stn, gal	76	16.03	1,218.28
14	0032 Formby Intro to refinishing	120	9.86	1,183.20
15	64 Deft clear semigloss, 13 oz	390	2.80	1,092.00

PAINT SUNDRIES

1	LN 601S Macco Liquid Nail Adhesive	21,021	1.26	26,486.46
2	4001 WD 40 Rust Preventative	11,280	2.00	22,560.00
3	Shur calk Penco wht caulk compound	10,560	0.53	5,596.80
4	8596 Boyle Plastic Wood, ¼ lb can	5,592	0.98	5,480.16
5	GE2561/372 GE White tub seal, 3 oz	2,340	2.19	5,124.60
6	01103 Savo Pt/remover paste strypee	520	9.56	4,971.20
7	938 Tap 90 E Z 3 pc paint set	1,980	2.36	4,672.80
8	E701 Borden Carpenter wd gl, 8 oz	3,168	1.48	4,688.64
9	391 Boyle 3 in 1 oil regular 3 oz can	5,556	0.81	4,500.36
10	13050 Hyde Scraper W/5 Blades	4,378	0.96	4,202.88
11	Penco Acrylic Latex caulk	3,288	1.24	4,077.12
12	200 BX Krazy glue .07 fl oz	3,260	1.09	3,553.40
13	GE 2562/361 GE clear seal, 3 oz	1,524	2.19	3,337.56
14	40015 WD 40 Multi-use lub .2 oz	1,175	2.47	2,902.25
15	500-092-90 EZ 9" roller frame	1,392	2.00	2,784.00

IMPORTS

1	Int/Sls 21 pc Socket set	896	7.85	7,033.60
2	10 x 12 Import Shelf brackets	10,704	0.55	5,887.20
3	A3001 Int/Sls Floor Jack 1½ ton	76	58.50	4,446.00
4	8 x 10 Import Shelf brackets	11,832	0.37	4,377.84
5	T103 Int/Sls 10" Lock grip plier	1,011	3.67	3,710.37
6	P255 Int/Sls 5" sand disc	4,292	0.81	3,476.52
7	PE02 Int/Sls Tubing/Pipe Cutter set	1,224	2.46	3,011.04
8	T199 Int/Sls Wd Handle S/D set, 7 pc	535	4.21	2,252.35
9	T183 Int/Sls 5 pc Comb wrench set	654	4.15	2,714.10
10	T35 Int/Sls 3½-in bench vise	198	11.70	2,316.60
11	T109 Int/Sls 21" Bow saw	563	3.25	1,829.75
12	T208 Int/Sls 3/8 Dr 8 pc deep set	282	6.33	1,785.06
13	T146 Int/Sls Groove joint plier	480	3.67	1,761.60
14	7222 Int/Sls Trowel	2,412	0.73	1,760.76
15	T510 Int/Sls Pipe wrench 10"	438	3.90	1,708.20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PMA®
PRODUCT MOVEMENT AUDIT

Promotions

(Continued from page 19)

use in promotions.

The exception in the category is extension cords, which are ideal for promotions. This is the season for long outdoor extension cords and air-conditioner cords, and the PMA reflects that. Two of the top five items in the category are 100-ft. outdoor cords, carrying nice tickets of $12 and $14 per unit sale. Price increases in the category overall average 10% above last summer's.

Naturally, seasonal movers in basic home improvement are ladders and screen wire. Five of the top 10 sku's in dollar movement are ladders, stepladders or a stepstool. Only two of those items generated enough volume to be included as top items in the category on a year-long basis. The 6-ft. aluminum and wooden stepladders generate volume year-round, while our 16-ft. and 20-ft. extension ladders show more marked seasonality.

No. 1 items in both paint and paint sundries each carry slightly sharper prices at retail this year, with Macco liquid nail adhesive running 3% lower on its average retail price, and Formby furniture refinish (32 oz.) 7% lower than its average retail last year. Otherwise, both pricing and items generating top volume remain much the same, particularly in sundries. Several Defthane clear gloss coatings have moved onto the chart in paints, however.

The main trend in promotions this summer will be sharper pricing, as everyone looks for sales dollars that are not simply trade-offs between product lines or representative of cost increases.

Mfr. Shipments Of Appliances March Ahead

CHICAGO—Manufacturer shipments of major appliances in March showed a strong recovery from past low movement to make the 2,974,900 units shipped the highest monthly total in almost two years.

The March figures were a 4.5% increase from the 2,846,-500 units shipped in the same month a year ago, the Association of Home Appliance Manufacturers reported.

The higher March movement, however, wasn't enough to offset sharp declines in January and February, and the quarter showed a 1.4% drop to 8,069,300 units from 8,180,600 units.

Two appliances accounted for most of the March shipment gain, with room air-conditioners up 42.8%, to 623,300 units from 436,500 units, and microwave ovens showing a 20.7% increase, from 241,500 units to 291,400 units. Disposers had a 7.9% increase, to 317,200 units from 293,900 units.

All the other major appliances tracked by the association had declines, ranging from dehumidifiers, down 1.7%, to compacts, off 24.3%.

6/15/81 C 5150-3

Specialty Chain Census: Pp. 17-43

Photo Market Outlook: P. 11

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Discounters Probe Rx Potential

Nationwide DSN Report

Nearly one American in every 10 relies on a discounter as the primary source for prescription drugs, according to a new poll released by Lou Harris and Associates.

Discounter reaction to the market potential, however, is mixed—ranging from K mart's massive buildup of in-store pharmacies to Target's recent cutback of the department. In fact, less than half of the industry's store units currently include pharmacy operations, according to the latest DSN survey figures.

Discount store pharmacies can be profitable despite a tendency to use them as loss leaders, but slow payback time involved with startup and the specialized nature of the merchandising holds back many discounters.

Chain merchandisers say average time for a department to break into the black is two years, while up-front inventory investment can run from an average of $15,000 up to $30,000.

Volume can run as high as $300,000 a year—as is the case at many Wal-Mart stores, according to a pharmacy lessee—in departments commonly averaging 400 sq. ft. to 600 sq. ft.

Gross margins, however, are no longer what they once were.

"Everyone thinks of 50% to 60% margins when they think of the pharmacy," said a T.G. & Y. spokesman, "but that isn't true any more. Anyone trying to make over 40% isn't competitive. We average 35% gross margins."

T.G. & Y. is one of the chains that has been able to position its pharmacy departments for profit as well as volume; sales per square foot at the chain's 29 units were $900 last year. A chain spokesman said the pharmacies achieved $100 per square foot in profits alone. The chain prefers to locate its pharmacies in metropolitan market clusters to take advantage of the same advertising umbrella.

Target and K mart have run their pharmacies as loss-leader departments, in contrast to T.G. & Y., and this has led K mart and Target in opposite directions. K mart, interested in the traffic the department can generate, is willing to accept lower profits per square foot. Target, on the other hand, has decided it can live without the traffic generated by giveaway drugs.

An average K mart pharmacy tops $210,000 in volume a year, running on margins of less than 20% with a total inventory investment near $14,000 according to some estimates. The chain has upward of 900 pharmacies now operating in its stores, 110 of which were added last year. Chairman Bernard Fauber promises the chain will have more than 1,500 pharmacies operating by 1983.

Fauber credited the chain's drug program as a factor in the chain's sales increases this spring (11.7%), though it is doubtful much of the volume makes it to the bottom line.

A major competitor of K mart in the Midwest notes: "Our experience in competition with them is that they will run the department as a loss leader for the 1st year and into the 2nd year, often selling at cost. After that, they begin easing prices up in the department."

Target had gone even fur-

(Continued on page 51)

Fauber's Message to Shareholders—

K mart to Trim Growth, Focus on Remodeling

TROY, Mich.—The cost of funds has put a damper on K mart's store expansion plans prompting the chain to seriously consider trimming the program from its original 150 to 170 new store openings per year to 75 to 100 stores after 1982, according to Bernard Fauber, chairman.

Fauber told shareholders at the annual meeting here that the chain would instead focus its attention on its remodeling program, treating 450 stores this year alone to the new store design that first appeared in the chain's nine-store Indianapolis market last year.

"In anticipation of continued high interest rates . . . we have determined that we should reduce our previously projected rate of store openings and divert more resources and management time to bringing up to a high standard of operation our existing base of stores while optimizing their profit performance," Fauber stated in the chain's 1980 annual report.

The move is a significant reversal for K mart, which in the past has been known to open as many as 300 stores in one year. Industry experts feel that the slowdown is a step the retail giant must take to improve its recent sluggish financial performance.

The chain's expansion and refurbishing commitments will be financed by funds generated from operations and short-term borrowings, according to the annual report. Debt to total

(Continued on page 52)

Bernard M. Fauber
Chairman, K mart

Modern Merchandising to Sell Its Leeds Div.

MINNETONKA, Minn.—Modern Merchandising, as part of its turnaround effort, plans to sell its erratically profitable $76 million volume Leeds division in Florida to H. J. Wilson for about $20 million.

The deal for the 14 stores is scheduled to be completed next month after H. J. Wilson finishes an audit of the Leeds operation which has a single showroom in Fort Lauderdale, two in Tallahassee, three in Jacksonville and four each in the Tampa-St. Petersburg and Orlando markets.

An immediate benefit of the sale, a Modern Merchandising executive said, could be the 3rd-ranking cataloger's stepping up its expansion program this year to six showrooms from the four originally planned.

The gain would be adding a 2nd LaBelle's in the Rocky Mountain States area to the expansion schedule that first called only for a LaBelle's to be opened this fall in Grand Junction, Colo.

The company had previously added a Jafco in Salem, Ore., to its 1981 opening schedule as the 5th new showroom.

The other three showrooms announced by Modern Merchandising earlier this year have already been opened. They are Dolgin's in Overland Park, Kan., and St. Joseph,

(Continued on page 52)

Buyers Pick Finalists for SPARC Awards

NEW YORK—Discount chain buyers' nominations for the finalists for the 4th annual *Discount Store News* Supplier Performance Awards by Retail Category (SPARC) are in.

Each year buyers are asked to nominate their three best suppliers in each category. The general merchandise managers of the discount chains around the country will now vote on the finalists to select the winner, 1st and 2nd runners-up.

Interestingly, several of last year's SPARC winners didn't make it to this year's finals—a sign that more manufacturers are tailoring their programs to better fit discounter needs.

The voting results will be announced at DSN's annual SPARC, Aug. 16 at the Hyatt

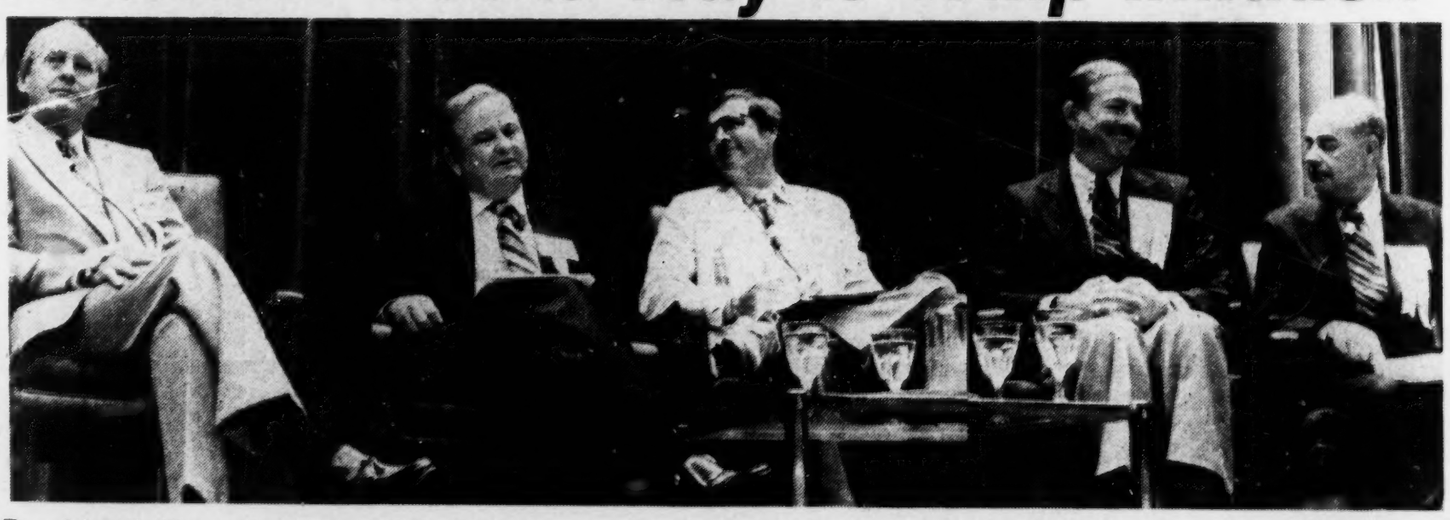
(Continued on page 57)

President's Roundtable Seeks Way to Whip Inflation

BAL HARBOUR, Fla.—What's the best way to devise a strategy to whip inflation? One way is to bring together a panel of retailing experts to provide suggestions, and that's what the Presidents' Roundtable session at the National Mass Retailing Institute convention accomplished.

The plan devised by the panelists to cope with inflation in the 1980's included guarding against unjustified increases in the cost of goods, and passing along cost increases that were justified; strict controlling of operating expenses; better planning and execution of retail strategies, and (from the suppliers' perspective) increased capital investment, when and if President Reagan's budget- and tax-cutting measures take effect.

It's a comprehensive plan, arrived at by consensus among Dan Kelly, president of T.G. & Y. (execution and planning); Bruce Allbright, president of Target (cost pass-alongs); Arnold Suval, president of the Zodys division of Hartfield-Zodys (operating cost controls), and Norman Livingston, president of the battery products division of Union Carbide (capital investment).



President's Roundtable participants at the recent NMRI Convention included Bruce Allbright, Target; Dan Kelly, T.G. & Y.; David Godfrey (moderator), vp, Hart's, Arnold Suvall, Zodys, and Norman Livingston, Union Carbide's Battery Products division.

"I can't exaggerate the importance I place on President Reagan's economic plan to cut Federal spending and taxes," said Livingston.

Livingston went on to stress the importance of cutbacks in Federal entitlement programs and Government regulation of business and industry. He added that it is important to set up a plan—much like annual sales and profit plans—to help improve productivity, and capped his presentation with a

(Continued on page 48)

Target, Bradlees, Gemco Hold Annual Meetings

Target Slated For More D-H Dollars

MINNEAPOLIS—Target stores, Dayton Hudson's volume front-runner, will get a major chunk of its parent's future capitalization dollars, shareholders were told at the corporation's annual meeting here this month.

During his 1st annual meeting as D-H's president, Kenneth Macke detailed a five-year corporate expansion program that will allocate 90% of a $1.95 billion capitalization budget (by 1985) to its three fastest-growing divisions: Target, Mervyn's and B. Dalton Booksellers. The plan calls for $1.75 billion in capital expenditures and about $210 million in new lease obligations to be made during the five-year period, during which the company pledges to raise between $100 million and $200 million in long-term bonds in each year.

D-H expects to unwrap 85 Targets by 1985, pumping up total store count to 222. An addition of 8.4 million sq. ft. will

(Continued on page 56)

New Buyer Set-Up

MINNEAPOLIS—Unlike most discounters, Target has increased its payroll budget in order to improve operational productivity.

The upscale discounter has reorganized its buying team, placing more responsibility in the hands of its assistant buyers to free up its head buyers' time. Each head buyer will now have at least two assistants: one to handle the merchandising functions, and another to handle the distribution and rebuying arrangements.

"The new setup enables the head buyer to concentrate more of his time on merchandising and marketing trends," said Bruce Allbright, president, who added that this latest reorganization was the end result of a series of experiments.

Bradlees Targeted For Parent's Investment Dollars

BOSTON—The bulk of the largest capital investment budget in Stop & Shop history—$40 million—will be allocated to Bradlees and the supermarket division, Avram J. Goldberg, president and chief executive officer, reported at the parent company's annual meeting here.

While Bradlees' store expansion and remodeling programs will parallel last year's with perhaps seven new stores and four remodels, added to its newest markets—Virginia and upstate New York—this year's allocations will implement a new management training program and complete a chainwide conversion to electronic point-of-sale registers.

A spokesman said the two new programs should help Bradlees recover from a soft, highly promotional year.

In addition, this year the number of the chain's 90 stores that have been remodeled will edge past the 50% mark, providing refixturing that makes better use of the cube with taller displayers and layout modifications that create a store-within-a-store look.

A Bradlees spokesman said altogether the changes would make the chain more productive and stores easier to shop.

Eight million dollars of the budget have been earmarked for the electronic checkout system. Some of that will foster the installation of electronic point-of-sale registers in the remaining 11 Bradlees which lack the system. (The remainder will fund the installation of scanners in the supermarket division's stores.) The pos system will be in place by August, Harold Frank, Bradlees ceo, said. It will save clerks' time at store level, and in the long term equip buyers to plan buying and reorders and stay in stock.

Another part of the chain's improvement plan stems from the parent company's increased investment last year in a new department, Human Resource Development.

The program at Bradlees consists of a management de-

(Continued on page 57)

Gemco Cites Tight Credit for Earnings Slide

LOS ANGELES—Sluggish economy and cautious consumer spending depressed Gemco/Memco's earnings for the quarter ended May 3, 1981. Earnings for the discount division of Lucky Stores declined 67%, to $2.14 million, on a sales increase of 12%, to $404 million.

But S. Donley Ritchey, Lucky president, told shareholders at the annual meeting here that solid gains in food, specialty and fabric stores had offset the expected decline in department stores, and the company's 1st-quarter earnings were up 7% (to $20.1 million) on sales of $1.7 billion.

For the fiscal year ended Feb. 1, 1981, Gemco/Memco reported a nearly 10% increase in sales of $1.7 billion, while pretax earnings dipped 27%, to $41.7 million. Sales per square foot rose $294, compared to $287 per square foot in fiscal 1979.

Pretax profit for the division dropped nearly $6 million from fiscal 1979, but $5 million of the decline resulted from higher LIFO charges. Food store profits before income taxes dropped about $6 million, after an $8 million LIFO charge greater than the prior year. Overall, the decline in pretax earnings resulted more from the writing off of the effects of inflation on the food stores' inventory than in a decline in operating effectiveness.

Ritchey attributed Gemco/Memco's earnings decline to sluggish sales, especially in big ticket items such as major appliances and jewelry, which were impacted by tighter credit controls starting in early 1980.

The rest of the discounter's drop resulted from shaved gross margins, and from increased operating expenses in wages and utilities.

Gemco/Memco contributed 26% to total corporate earnings of $90.5 million on total corporate sales of $6.5 billion in fiscal 1980. Lucky's 1980 sales for the 52 weeks were up 11% from the prior 53-week 1979 year. However, if the extra week is removed from 1979, sales rose 13.5% for 1980, Ritchey noted.

Chains Regain Ground in First Qtr. Earnings

Chain (Date Quarter Ended)	First Quarter Net Income (Loss) Last Fiscal Year	First Quarter Net Income (Loss) Last Fiscal Year	% Gain (Decrease)	First Quarter Sales	% Gain (Decrease)
Ames (5/2/81)	$ 1,366,000	$ 1,123,000	21.6	$ 82,100,000	17.0
Caldor (5/2/81)	1,489,924	1,452,030	2.6	136,696,820	16.9
Dayton Hudson (5/2/81)	26,761,000[A]	16,719,000	60.1	976,504,000	29.1
Federated (5/2/81)	40,728,000	26,502,000	53.7	1,513,873,000	14.5
Gaylord (5/2/81)	(337,000)[B]	(535,000)	—	25,382,000	6.2
Grand Central (5/3/81)	380,561	181,094[C]	110.1	50,738,549	6.5
Jamesway (5/2/81)	(120,000)[D]	(5,000)[E]	—	57,854,000	0.0
K mart (4/29/81)	34,585,000	39,645,000	(12.8)	3,332,128,000	11.7
Lucky Stores (5/3/81)	20,100,000	18,900,000	6.3	1,490,000,000	13.4
May Co. (5/2/81)	16,300,000	12,100,000	34.7	708,200,000	9.5
Montgomery Ward (3/31/81)	(47,000,000)	(46,000,000)	—	1,185,000,000	10.0
J. C. Penney (5/2/81)	50,000,000	14,000,000[F]	257.1	2,511,000,000	10.6
Sears (4/30/81)	94,200,000[G]	59,000,000	59.7	6,102,100,000	11.5
Sterling Stores (5/2/81)	(796,000)	95,000	—	28,126,000	5.5
Strawbridge & Clothier (5/2/81)	845,598	712,294	18.7	84,807,944	7.3
Wal-Mart (4/30/81)	13,423,000	9,455,000	42.0	434,251,000	38.0
F. W. Woolworth (4/30/81)	(6,000,000)[H]	26,000,000[I]	—	1,579,000,000	4.2
Zayre (5/2/81)	357,000	(1,461,000)[J]	—	371,800,000	12.4

[A]Includes gains from sales of real estate and discontinued operations. Operating results also include those of Ayr-Way acquired earlier this year.
[B]Includes $386,000 gain on lease sales and a $186,000 tax credit.
[C]Includes $140,766 in nonrecurring income.
[D]After $271,000 in LIFO charges for latest quarter and $197,000 for previous quarter from change to LIFO accounting.
[E]Includes sales from leased departments.
[F]After $4 million loss from discontinued operations.
[G]Includes $11.7 million nonrecurring gain on adjustment to 1980 income taxes.
[H]Includes currency translation losses of $4 million.
[I]Includes a $20 million refund of prior year's advance corporation tax.
[J]Year-ago results have been restated for adoption of LIFO.

Traditionally slow 1st-quarter earnings made some advances this year—Grand Central's earnings more than doubled to $380,561; Wal-Mart's net income went ahead 42%, to $13,423,000, and Zayre moved into the black with a $357,000 net gain, compared to last year's $1,461,000 loss (restated for a shift to LIFO accounting). However, the industry's leader K mart didn't fare nearly as well with earnings slipping 12.8% to $34,585,000. Of the big three—Sears, Ward and Penney—only Ward failed to climb out of the red. Sears' and Penney's earnings advanced 59.7% and 257.1%, respectively.

Spotlight on: Furniture

Zayre's Leased Departments Serve Local Market

Upscale furniture, via leased departments, has made its way into three of Zayre's southern Florida stores. The departments, shown here in the chain's Hialeah store, is an example of the chain's efforts to merchandise individual stores to serve the needs of a particular local market, which in this case is largely Hispanic. *(DSN photo)*

In This Issue...

SOFT CRAFTS. Latch hook, former star of the soft craft category, has become a promotional football, and discounters are looking elsewhere to turn a profit. Unfortunately, with few promising new items in the market, business is soft. See market outlook. (P. 6.)

MINICAMS. Pocket cameras are in fashion as instant cameras lose their appeal for buyers at major chains. (P. 11.)

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Specialty Chain Census

Auto Specialty Chains Expect '81 to Pick Up

While it's true that in hard times more motorists will do more of their own car repairs themselves, auto specialty chains were disappointed in 1980. The outlook for 1981 is brighter.

The economy was so bad "consumers just put off doing any kind of work on their cars last year," said one chain spokesman who shares an industrywide belief that car owners will not be able to put off those repairs much longer.

The industry is also taking heart in the growing number of service stations that are closing their service bays to become strictly filling stations, with many chains expecting to double their service (labor) volume as a per cent of total sales.

At the same time, the industry is becoming more self service than ever before to get a handle on sky-rocketing operating costs. To do this, many chains were remodeled in 1980.

Central to the Pep Boys chainwide remodeling program are remerchandising changes that will make the stores less labor intensive. Guarantee Auto moved its hard parts service counter from the rear of the store to the center to get sales personnel closer to the retail selling floor. In the past, the counters had been located at the rear of the store adjacent to the service bay.

Grand Auto took the reverse tactic and repositioned its service counters at the rear of its stores. "We want the customer to have to walk all the way through the store to ask for service," a spokesman noted.

Discount Drug Chains Post Healthy Growth

The specialty discount drug chains continued to gather steam last year with Revco breaking the $1 billion mark and three other chains—Thrifty, Rite Aid and Longs—poised to do the same thing within the next 12 months.

Within that sales growth, however, two trends were clear: (1) the move deeper into general merchandise stocking, and (2) the further consolidation of the industry into the hands of a shrinking number of drug chains that have targeted the fast-growing Sunbelt markets for continued growth—but in neighborhood, rather than mall, locations.

In 1980, the top 50 drug chains grew by 850 units—nearly 600 of them takeover units, most from the dissolution of 12 sizable drug chains. Revco, for example, added 137 stores in its last fiscal year, all acquired from three other drug chains.

Rite Aid solidified its Sunbelt base with the acquisition of 31 Fay's stores in the Carolinas.

This consolidation left the top 50 chains accounting for 62% of all drug chain units at the end of 1980 and 71% of the industry's $16.8 billion in sales.

Expanded assortments in convenience foods, home improvement and automotive do-it-yourself products are already visible in most large drug chains. Like the discounters who are becoming increasingly more intent on making a fashion statement in their stores, cosmetics departments are getting a facelift.

Specialty Toy Chains Carve Larger Share

Specialty toy chains are becoming a stronger force in the marketplace today, currently accounting for an estimated 14% to 16% of the toy market. But industry sources expect their market share to jump from 20% to 25% of all toys sold in the United States by the end of the decade.

Last year, however, faced with a sluggish economy, late Christmas buying and heavy-duty competition from discounters and catalog showrooms, toy specialty chains got swept into a promotional frenzy that pared gross margins to the giveaway point in many toy categories.

The industry's volume leader, Toys "R" Us, for example, posted a sales gain of 24.4%, hitting $597.3 million in sales at the end of its last fiscal year. Net earnings during the period moved up 8% to $28.9 million. A year earlier, earnings had roared ahead 56% over the previous year's figures and reached $26.8 million.

Lionel Leisure's toy stores had a year good enough to win the chain 2nd place on the volume ranking. Sales went ahead 36%, to $206.7 million, and earnings climbed 11.3%, to $11.6 million—a good showing but the previous year had seen the chain's operating profit advance 52.4%, to $10.4 million.

Child World, which also operates under the Children's Palace nameplate in its Midwestern markets, slipped into 3rd place with sales of $178 million in its most recently completed fiscal year.

Activity Slackens for Sporting Goods Retailers

It was a tough year last year for most sporting goods retailers. A lackluster economy in general and a winter without snow in the West forced many chains to tighten their belts.

Herman's, the top-volume sporting goods chain in the country, cut back its expansion rate severely. The chain added only four units in 1980 after adding 19 the year before.

A spokesman at Herman's parent W. R. Grace said no new stores are likely in the next 18 months to two years.

Smaller operators such as Dave Cook and Michigan Sporting Goods held steady in store count, while Morsan was forced to sell off three of its eight stores.

Zale, operator of 38 sporting goods stores under several names, abandoned plans it had to expand its chains and walked away from the industry instead. Zale had experienced several seasons of sluggish growth in its stores, with same-store sales gains at 5% or less in recent quarters, according to one retail analyst.

Oshman's was the big gainer in 1980, picking up 33 of Zale's stores, and adding five more stores so far this year. Plans call for as many more by December.

A Lackluster Year for Consumer Electronics

Slow growth in consumer specialty stores was the pattern over the last year with industry leader Radio Shack slowing its new store opening rate to 1.7% of its base.

Pittsburgh-based Kelley & Cohen added only a single unit, while Team and CMC Stereo remained relatively static. And one-time giant Lafayette—reduced to eight stores from last year's 116 following Chapter XI proceedings—is being acquired at the end of the month by Ward's Co., which also operates the Circuit City stores.

Computer sales have been much of the news in the present selling season. Radio Shack is increasing its reliance on computers, with service centers in more than 100 stores and as many special computer stores now set up. Computers now represent more than 12% of the chain's total volume.

Kelley & Cohen will have an Atari computer in its stores this month in a long-anticipated entry into the market. Kelley & Cohen will not rely on the computer for significant volume, but feels a need to be represented in the category.

At CMC, a 58-unit privately owned chain in St. Louis, interest in home computers also built this year.

Automotive/Specialty Chain Census

Chief Auto Adds 45 Units in 1980

DALLAS—Southland Corp., operators of the 7-Eleven convenience store chain, got into automotive specialty retailing in a big way in 1978 when it acquired 119 Chief Auto Parts stores.

By the end of fiscal 1980 (ended Dec. 25) the chain had grown to 216 units, 45 of which opened during the last fiscal year.

Looking to build on its convenience store sales, which grew by 23.7% last year to nearly $4 billion with nearly half that increase coming from gasoline sales, the chain opened Chief stores alongside 22 of its 7-Elevens.

Sales for the Chief chain rose 33% last year, but they are not reported separately from the company's special operations group sales, which last year accounted for 2% of the company's volume, or $122.3 million.

Western Auto Closes 150 stores; Other Chains Show Modest Gains

Chain	No. of Units May '80	No. of Units May '81	No. of Units Dec. '81	Sales in Millions fiscal 1980	Sales in Millions fiscal 1981*
Western	3,450	3,300	3,300	630.0	N/A
Pep	101	105	105	199.8	N/A
Grand	69	78	80	100.2	118.0
Empire Crown	52	49	47	23.1	27.0
Guarantee	41	40	44	23.0	24.5
Whitlock	56	47	N/A	N/A	N/A
Fleenors	46	46	47	16.5	18.5
Schucks	46	51	N/A	N/A	N/A
Hi-Gear	42	42	42	N/A	N/A
Aid	73	74	77	14.0**	14.0**
Rose	25	28	29	7.6	10.5
Save	16	17	18	7.5	8.2

*Company projections.
**Represents only retail sales from company-owned units.

Except for Sunbelt operations, auto specialty stores had a lean year in 1980. However, a round of remodelings to more self-service formats, increased service promotions—and the closing of service-offering filling stations—are expected to make 1981 a stronger bottom-line year.

Western Auto Gears Down to 3,300 Units

KANSAS CITY, Mo.—While still the industry leader with 3,300 units, Western Auto has been getting steadily smaller over the course of the last five years. In 1980 alone, the company closed 150 stores—29 of them company-owned and operated units and the rest privately owned associate stores operating under the Western name.

Five years earlier, on Dec. 31, 1976, there were 4,659 Western units—520 company-operated stores and 4,139 that Western sold to through its wholesale arm but that were privately owned.

"We have no plans to continue closing company-operated stores," said a Western spokesman, who added that the stores had been closed because of a combination of unprofitability and location—a composite of downtown locations or single-store markets.

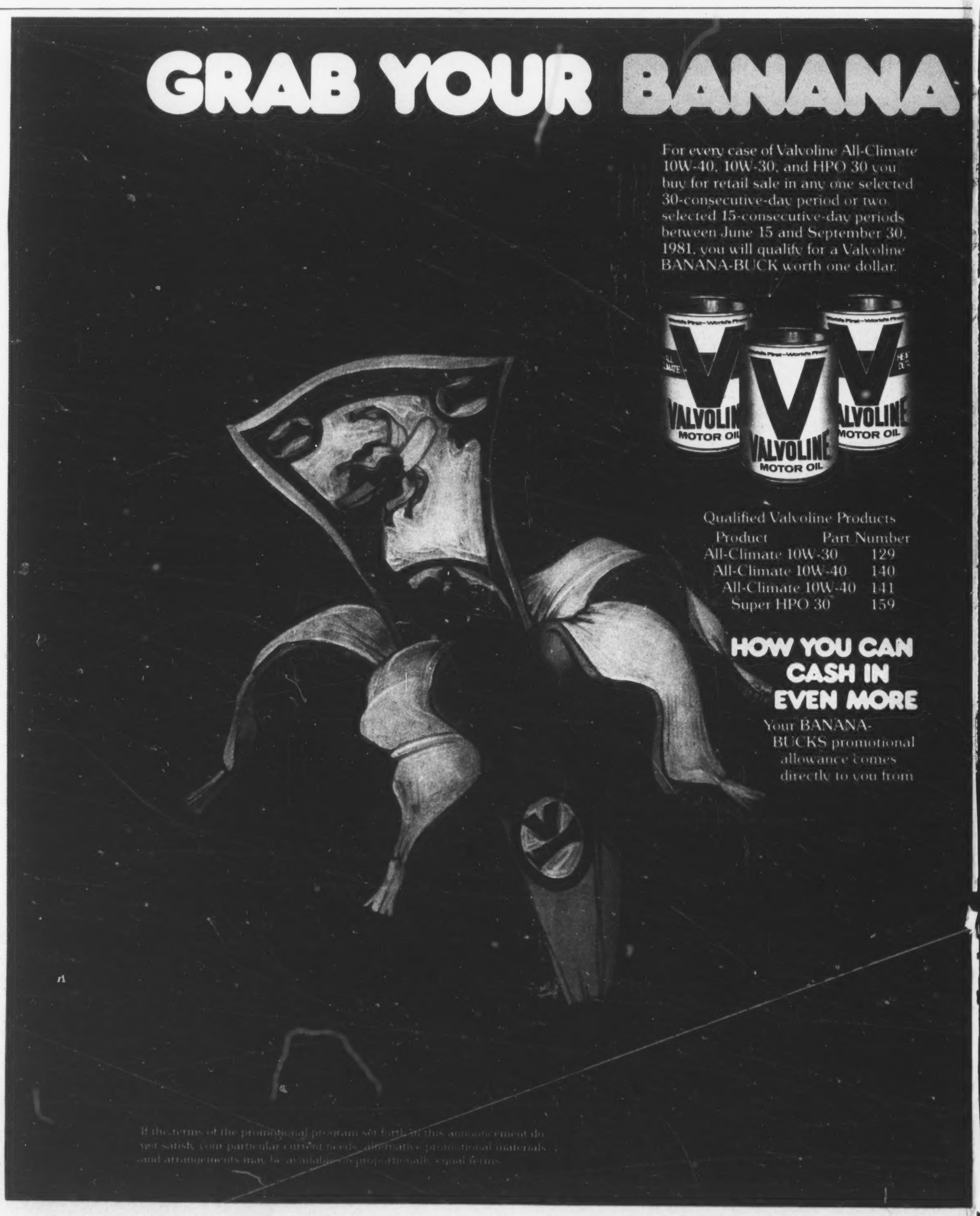
Western Auto currently operates stores in 34 states and the District of Columbia.

Net sales of Western, which is a subsidiary of Beneficial Finance, totaled $625,531,000 for the year ended Dec. 25, 1980. This was a 9% decline from the previous year's net sales. Twenty-five per cent of these sales were at retail, the rest came from Western's wholesale operations, including the sales of two subsidiaries: Midland International a wholesaler of CB radios, auto sound and land-mobile equipment, and Eva Gabor International, a wholesaler of wigs and hairpieces.

Western's retail sales for the fiscal year ended Dec. 25, 1979, totaled $177,108,000 on net sales of $687,730,000.

Heck's Sales Up 10% in 1st Quarter

CHARLESTON, W. Va.—Heck's sales for the first quarter ended March 31, 1981, advanced 10% to $95,615,200 from $87,006,800 in the first quarter of 1980.


GRAB YOUR BANANA
For every case of Valvoline All-Climate 10W-40, 10W-30, and HPO 30 you buy for retail sale in any one selected 30-consecutive-day period or two selected 15-consecutive-day periods between June 15 and September 30, 1981, you will qualify for a Valvoline BANANA-BUCK worth one dollar.
VALVOLINE MOTOR OIL
Qualified Valvoline Products
Product Part Number
All-Climate 10W-30 129
All-Climate 10W-40 140
All-Climate 10W-40 141
Super HPO 30 159
HOW YOU CAN CASH IN EVEN MORE
Your BANANA-BUCKS promotional allowance comes directly to you from

Specialty Chain Census/Automotive

Pep Boys will cross the $200-million-sales mark this year with 105 stores in operation, 85 of them in five Eastern states and the District of Columbia and the rest in California and Arizona. *(DSN photo)*

The Pep Boys Hit Half-Way Point in Remodeling Plan

PHILADELPHIA—Funding its remodeling program out of working capital, The Pep Boys are half through a chain-wide remodeling program begun two years ago.

However, a company spokesman pointed out, "We're really always remodeling because each generation of stores changes the concept." Then he added: "There really is no one prototype layout."

The main feature of the remodel is the conversion of the stores to a strictly self-service merchandising approach. The program also upgraded the stores' appearance.

Average store size for the chain has gotten larger over the past two and a half years due to the shutdown of the chain's smallest units, which averaged between 5,000 sq. ft. and 7,000 sq. ft. Stores opened today range from 15,000 sq. ft. to 22,000 sq. ft., including service bays.

The company has no new stores planned for 1981, although last year marked its period of largest growth with nine new stores opened.

The company closed five stores last fiscal year and a 6th in the 1st quarter of this year because of disappointing sales results.

Net sales for the fiscal year ended Jan. 31, 1981, rose 9.8%, to $199,823,000. Net earnings advanced 22.7%, to $7,722,000, compared with 15.1% and 36.3%, respectively, in the last two fiscal years.

This year, tire sales accounted for 13.5% of total volume, down from 15.4% of volume the year before. Tire sales were hurt by a reduction in consumer driving and longer tread life in certain tires, according to a company spokesman.

Cost of goods sold, buying warehousing and occupancy costs as a percentage of sales has remained fairly constant for the past three years, totaling 68.4%, 68.5% and 67.9% for fiscal 1980, 1979 and 1978, respectively.

Sales, general and administrative (SGA) costs also remained fairly constant totaling 24.2%, 24.3% and 24.6% for fiscal 1980, 1979 and 1978, respectively.

-BUCKS AND RUN!

Valvoline. The Valvoline BANANA-BUCKS promotional allowance *is in addition* to the quarterly 1981 Trade Allowance Program currently in effect.

Use your BANANA-BUCKS to advertise Valvoline products on television and radio, newspapers, circulars, in-store displays, promotional announcements, etc. Or pass part of your BANANA-BUCKS case savings on to your retail consumers as a special price sale and watch your motor oil sales volume shoot skyward.

Plug in the Valvoline "Buyer's Check" promotion to stimulate additional consumer savings and watch Valvoline move up to the "top banana" in your automotive department.

"Val" the T.V. chimp is winning over all kinds of folks... making do-it-yourselfers out of car owners who never heard of a dipstick until they read the back of a Valvoline can.

And now, with the BANANA-BUCKS promotional allowance program the extra push from "Buyer's Check," plus all the consumer excitement generated by "Val"; you can set your sights on higher sales and profits this summer.

Call your Valvoline distributor today for all the details, or call:

East: Bob Harbison (513) 471-0115
West: Jack Felty (213) 698-8091

Valvoline

VAL

Hard Parts Take Center Stage at Guarantee Auto

INDIANAPOLIS—A center-of-the-store hard parts counter is the keystone of Guarantee Auto Stores, headquartered here.

In the past the company set its parts counter at the rear of the store, near the entrance to the service area. Now, according to a company spokesman the counter will be located in the center of the store. The advantage: "It will centralize our knowledgeable salespeople." That, combined with self-service stocking, should make the store even easier to shop, he said. Fifteen stores will be remodeled to the new prototype this year.

At the same time, the company is moving deeper into hard parts, particularly those for foreign cars, and is putting more emphasis on its service capabilities.

"We're not running more space to advertise our service department," the spokesman said, "but we have increased our [service advertising] frequency by 25%."

Service (labor) sales now account for approximately 12% of sales, he added, noting as more service stations become strictly filling stations he expects business to pick up even more.

In merchandise, the chain is looking at new products now coming into their own in the market. Cruise controls, for example, are one product category the company is about to move into its stores.

Specialty Chain Census/Automotive

Scaled-Down Prototype to Ignite Market Growth for Grand Auto

A new "mini-maxi" unit that combines a scaled-down mix and sales floor with the chain's standard service bay capabilities will guide Grand Auto's growth in the next few years. *(DSN photo)*

OAKLAND, Calif.—A new scaled-down "mini-maxi" unit that combines a 4,000-sq.-ft. sales floor with the service bays found in its larger stores will play an increasingly important role in Grand Auto's future.

The mini-maxi is a cross between the chain's full-sized stores and a handful of 2,500- to 3,500-sq.-ft. "mini" test units which sell a whittled-down mix of only the chain's best-sellers and which offer no installation services. It will be used to fill in existing markets and to carry the chain into areas where driver registration counts are too low to support the full-sized, 12,000-sku's store, according to Robert Stamber, executive vice president.

"The results of our mini-store test were not as successful as we would have liked," Stamber said of the five-store test begun in late 1979.

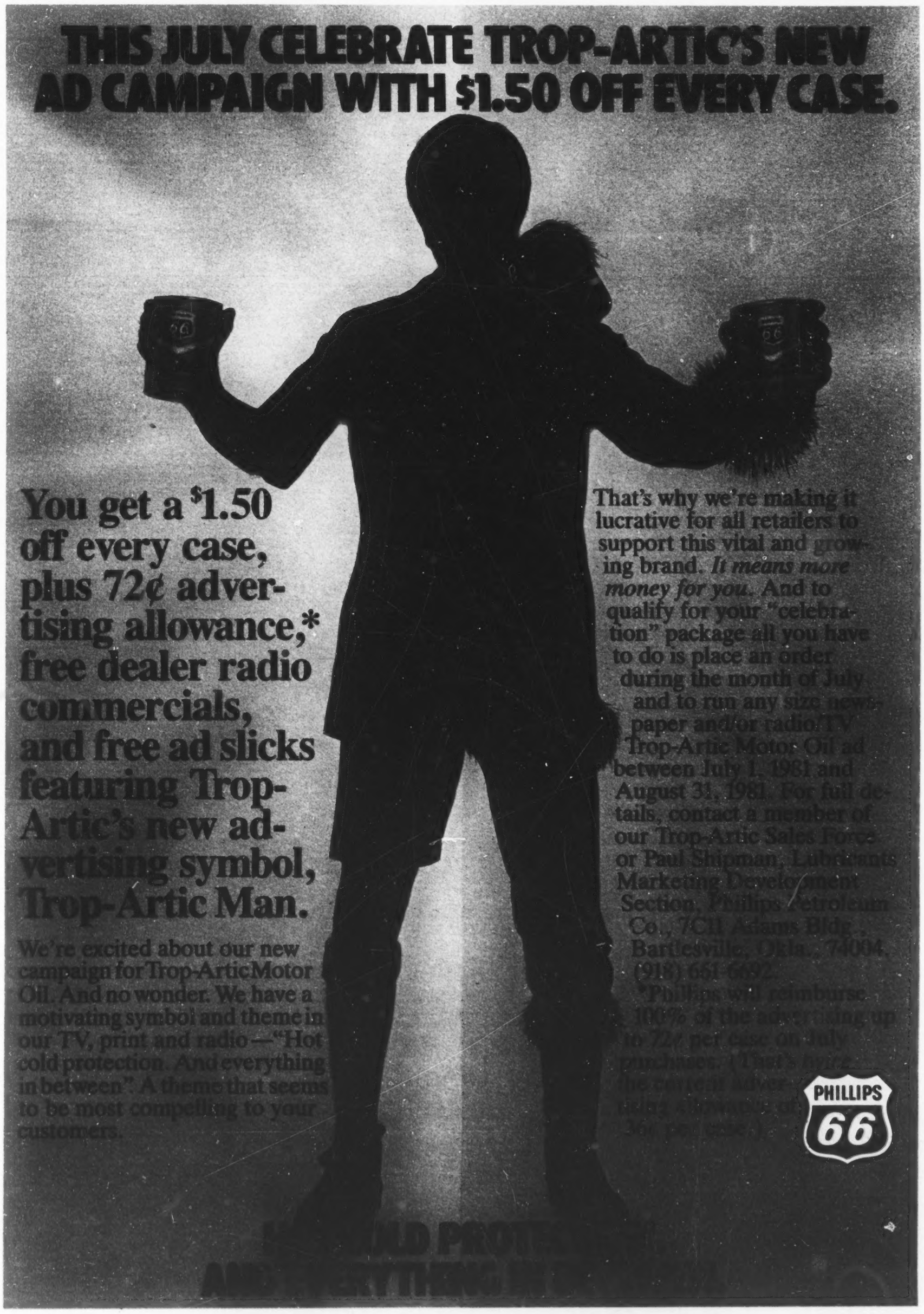
The chain operates 400-plus service bays in 73 of its 78 stores, which are concentrated in the northern California and Nevada markets. "Service is what sets us apart from our competitors," said Stamber, who added that installation accounted for 8% of the chain's $100 million in sales for the fiscal year ended Jan. 5, 1981. In 1980, radio and TV advertising were expanded.

(In 1981, the chain will open its first southern California unit in Bakersfield—a move signaling the chain's interest in mining the market potential it perceives in its home state.)

Hard parts, which got a new home at the rear of each store, thanks to a remodeling program begun in 1978 and finished this year, accounted for 27% of the last fiscal year's sales.

"We want customers to have to walk through our stores to get to the parts desk," Stamber said, explaining the change. In the past, service desks were located to the right or left of the store, and only in some instances were set at the rear of the sales floor. In addition, high-volume stores added registers to their parts counter—signed "rapid parts"—to speed up customer service.

Other features of the remodeling include a move toward earth-tone store interiors, "in part," Stamber said, "to make the stores more appealing to our female customer base which has been steadily increasing."


THIS JULY CELEBRATE TROP-ARTIC'S NEW AD CAMPAIGN WITH $1.50 OFF EVERY CASE.
You get a $1.50 off every case, plus 72¢ advertising allowance,* free dealer radio commercials, and free ad slicks featuring Trop-Artic's new advertising symbol, Trop-Artic Man.
We're excited about our new campaign for Trop-Artic Motor Oil. And no wonder. We have a motivating symbol and theme in our TV, print and radio—"Hot cold protection. And everything in between". A theme that seems to be most compelling to your customers.
That's why we're making it lucrative for all retailers to support this vital and growing brand. It means more money for you. And to qualify for your "celebration" package all you have to do is place an order during the month of July and to run any size newspaper and/or radio/TV Trop-Artic Motor Oil ad between July 1, 1981 and August 31, 1981. For full details, contact a member of our Trop-Artic Sales Force or Paul Shipman, Lubricants Marketing Development Section, Phillips Petroleum Co., 7C11 Adams Bldg., Bartlesville, Okla., 74004, (918) 661-6692.
*Phillips will reimburse 100% of the advertising up to 72¢ per case on July purchases. (That's twice the current advertising allowance.)
PHILLIPS 66

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AMERICAN EXPRESS

Empire Crown Eyes Service As Sales Boost

EDEN PRAIRIE, Minn.—A new "super store" program and greater emphasis on service in chain promotions have been targeted by Empire Crown to improve 1981 sales and earnings performance.

The stepped-up emphasis on service—visible in the number of appearances in chain print ads—is expected to boost service (labor) sales from 10% of chain volume to 20% to 25% this year, according to Joseph Adelman, president.

"Consumer buying habits changed last year," Adelman said.

Adelman anticipates a swing back to car maintenance, boosted by the economy pressing more car owners into do-it-yourself repairs and the growing numbers of gasoline stations getting out of the service end of the business, will boost his company's sagging bottom line.

Sales for the first quarter ended March 28, 1981, were ahead 38.9%, to $5,557,748, compared with $4,000,990 the previous year, but the bottom line was written in red ink: Losses for the quarter totaled $143,789—although this was an improvement over the $183,609 loss posted in the same quarter a year ago when the company was operating more units, including nine leased departments in Zayre stores.

(Today Empire Crown operates only two leased departments—down from 14 a year ago. The remaining departments are in two local Holiday Village stores; three other leased departments in Prange Way stores were converted to Empire Crown units last year.)

After-tax profits in the last fiscal year ended December 1980 totaled approximately $80,000 as compared to $406,000 the year before.

In addition to the emphasis on service, the chain is counting on its recently unveiled super store program to make a bottom-line difference.

The program has targeted 20 of the chain's biggest volume stores to carry a heavier-than-usual inventory. This inventory is used as a back-up supply for neighboring stores, to cut down the delivery time from warehouse to store.

"The idea is to build up inventory in those key stores and then use them to service other stores nearby," Adelman said. "This way we can more quickly supply our customers."

The company also hopes to build its earnings base this year with sales from its recently acquired West Coast division, Interstate Auto in California.

Target's Sales Up 57% in April

MINNEAPOLIS—April sales at Target, including sales at Ayr-Way, were up 57% from last April (34% without Ayr-Way).

Parent company Dayton Hudson reported net retail sales for the four weeks ended May 2, 1981, of $325,476,000, up 37.1% from $237,449,000 in the comparable period a year earlier. Excluding Ayr-Way, the increase was 28.5%

For the 13 weeks ended May 2, 1981, sales increased 29.4%, from $735,769,000 to $951,895,000. Dayton Hudson acquired the 40-store Ayr-Way chain in the third quarter of last year.

Specialty Chain Census/H&BA

Revco Passes $1 Billion Sales Mark In '80, Continues New-Store Drive

TWINSBURG, Ohio—Revco passed the $1 billion sales mark in the fiscal year ended May 31, 1980, and continued its aggressive store-opening campaign—keeping its place as unit leader among specialty drug chains.

Sales increased 17.7% from the previous year to $1.2 billion. Earnings increased 14.7% to $38.9 million as the chain expanded sku's of private label, in-and-out promotional and cosmetics items.

Store expansion is ahead of schedule with the acquisition since the first of the year 112 stores (mostly in Texas) from Skillern's, the drug division of Zale Corp.; eight Sav-Rites in Kentucky, and 17 units of the May chain, Rock Island, Ill., from Lucky Stores.

New-store openings are also ahead of plan, with 81 of the slated 120 already completed. Building two per week through December, Revco projects 1,564 stores at the end of the calendar year.

Most growth will continue to be concentrated in the Sunbelt, in the Southern and Southwestern locales where many acquired stores strengthen the chain's base.

To accommodate growth patterns, warehouses in Phoenix, Somerset, Pa., and Henderson, N.C., have been expanded and remodeled.

Despite the specialty drug chain trend to larger stores, Revco is sticking to its 8,450-sq.-ft. prototype in most cases. Marc Dworkin, senior vice president, marketing, however, did say that as additional space becomes available at smaller, high-volume stores, larger stores will be developed. As an example, he cited the recent expansion of a 3,200-sq.-ft. store in a downtown location with $1 million volume base into an adjacent 8,400 sq. ft. that recently became available.

As for merchandising trends, Dworkin said:

"We are taking a hard look at inventory because of higher interest, distribution and energy costs which affect our bottom line. We will make selective item cuts.

"All retailers should be aware that sales and markdowns are coming earlier and earlier, and we have conditioned consumers to cherrypick, each and everyone of us, to not buy at everyday prices. If we sat down and analyzed it, we would see that we are just trading dollars."

The chain continues to specialize in prescriptions and health and beauty aids, but its 8,000 sku's now also include more convenience foods, glassware, housewares and small wicker goods called "special value merchandise," because it is fashionable.

Private label items are also playing an expanding role. When a nationally recognized brand begins to "take off," or where no brand loyalty has been established, Revco is developing profitable private label programs.

As an example, the chain offers more PL than branded goods in vitamins and has just introduced a line of private label nail care items whose margins are higher.

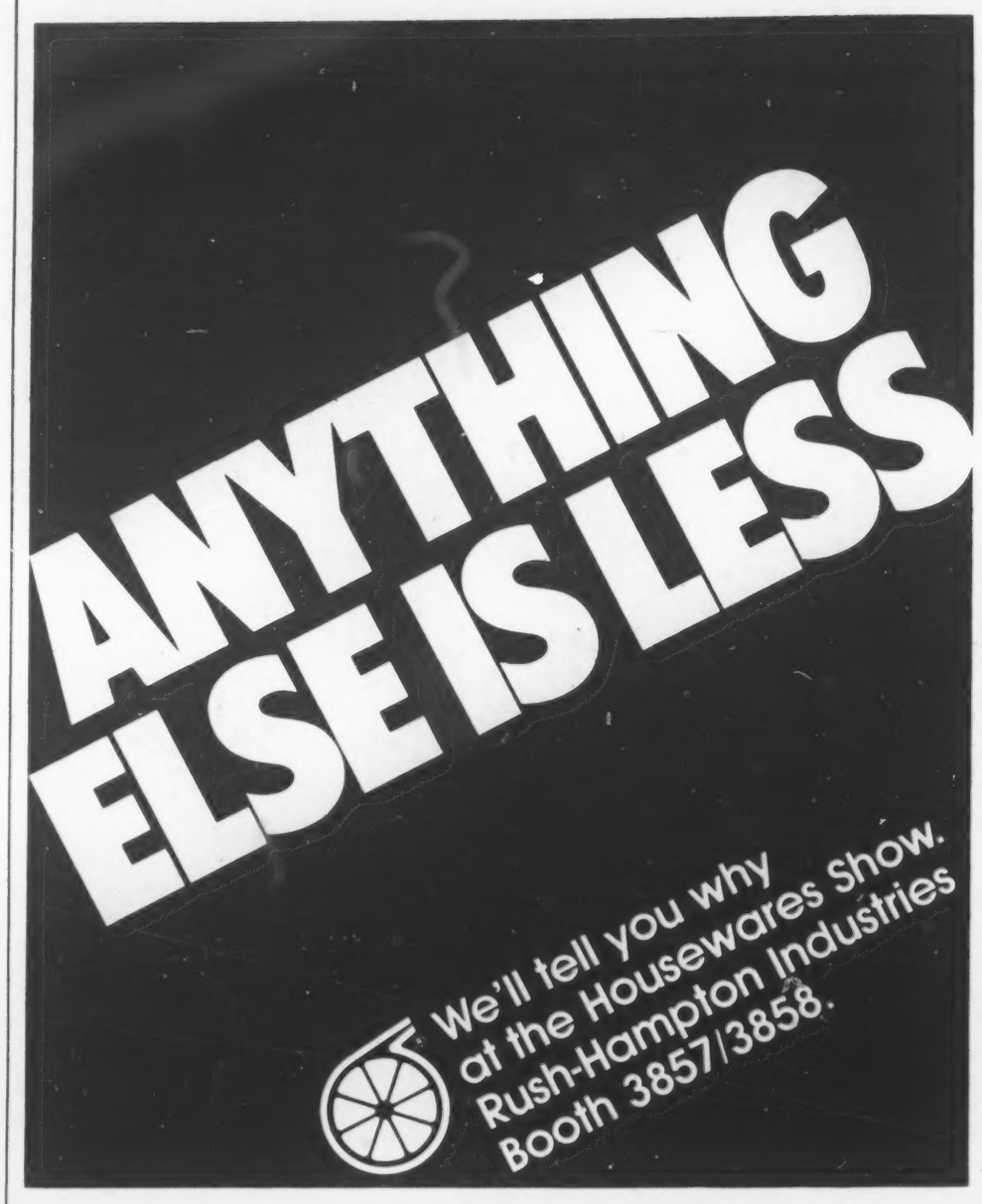
Cosmetics sku's were significantly expanded to include broader selections.

Thrifty, Rite Aid, Longs Poised To Join Revco at $1 Billion Level

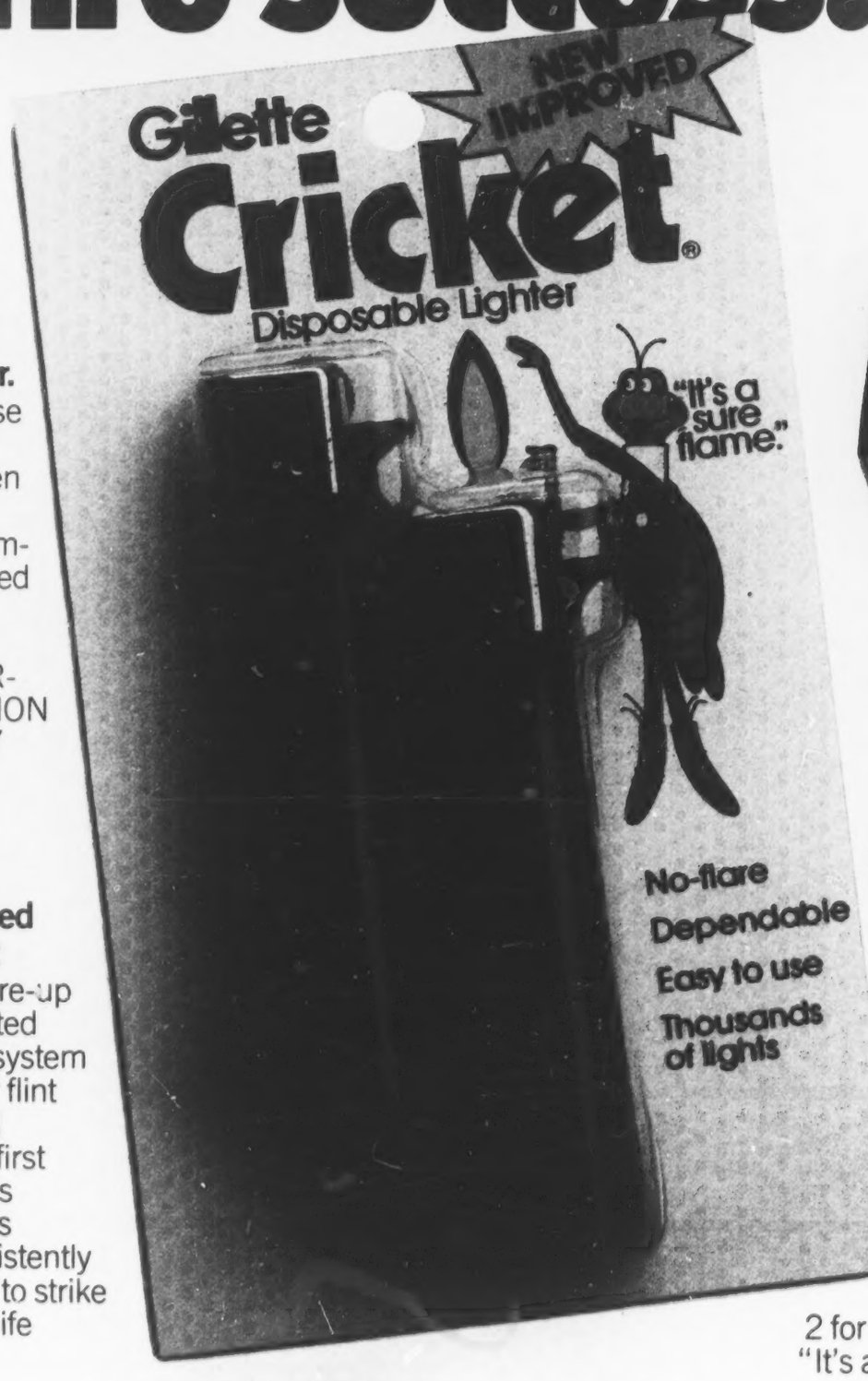
Chain	No. of Units May '80	May '81	Dec. '81	Volume in Millions Last Completed Fiscal Year
Revco	1,247	1,506[A]	1,564	$1,093
Thrifty	518	529	579	949
Rite Aid	800	914[B]	955	944
Longs	122	149	163-165	893
SupeRx	483	524	N/A	635
Drugfair	171	176	178	296
Dart	75	69	66	260
Fay's	109	84	87	243

[A]Includes acquisition of 112 Skillern's, 8 Sav-Rite and 17 May stores.
[B]Includes 31 Fay's stores acquired in April.

The big specialty-drug chains got bigger and the small got smaller in the last year. Sales for the top four chains increased an average of 15%, but profits were harder to attain. For chains big and small, the answer to low margins and high costs was to consolidate.



New Improved Cricket®. It's a sure fire success.

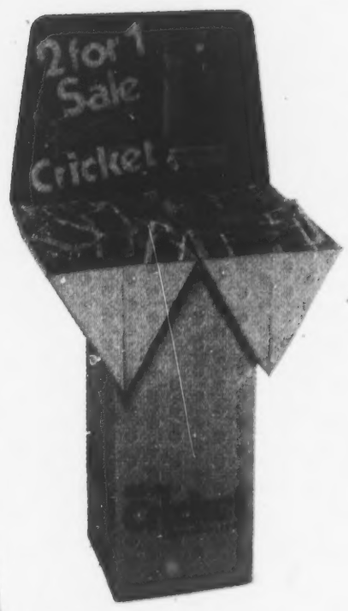


Consumer satisfaction unsurpassed by any other disposable lighter.

Extensive consumer use testing over a nine week period involving 2000 men and women using New Improved Cricket and competitive products confirmed the following.

NEW IMPROVED CRICKET DELIVERS PERFORMANCE SATISFACTION UNSURPASSED BY ANY OTHER DISPOSABLE LIGHTER.

New Improved Cricket
- No Flare-up
- Patented valve system
- Wider flint wheel
- Sure first strikes
- Lights consistently
- Easy to strike
- Dependable
- Longer life
- Thousands of lights



2 for 1 Sale

To introduce your customers to New Improved Cricket, we're offering a 2 for 1 sale. (With proof of purchase by mail.)

And our new quick set up floor-stand display sells it all.

Order your new Cricket disposable lighters and the 2 for 1 Sale display today. "It's a sure flame."

Gillette

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H&BA/Specialty Chain Census

Thrifty Steps Up Remodeling Program, Sets 25 Stores a Year Through '85

LOS ANGELES—Thrifty Drug is stepping up its remodeling programs in a continuing effort to bring existing stores in line with prototype specifications that call for an interior facelift, a new floor plan and an expanded product mix.

Fifty stores will be remade this year—43 were remodeled last year and 49 were upgraded in 1979—and 75 units are scheduled to get the new look in each of the next three years. To date, 28% of the chain's approximately 555 stores have been remodeled.

In addition, the chain plans to open 25 new stores a year through 1985, and to offset openings by closing marginal units. This fiscal year, the chain will shutter 11 stores, compared with eight last year and 11 in 1979.

Sales for the first half of the current fiscal year ended Feb. 28, were up 11.3% to $523,869,000.

Earnings for the first half of the current fiscal year were up 19.8% to $11,772,000, on an 11.3% increase in sales to $523,869,000. Earnings per share increased from $1 to $1.20.

Sales for the last completed fiscal year ended August 1980 increased 10.6%, to $949.3 million, over the year-earlier period. Net profits for the year rose 3.9% to $14.7 million. During this period, sales advanced 10%.

The store remodelings, plus a revitalized mix that emphasizes higher-margin, faster-turning goods, are in part responsible for the earnings gains (although the mix is being controlled so that no single category contributes more than 10% of chain volume).

Among the changes evident in the new remodels are:

- A cosmetics department expanded and refixtured to become fully self-service. In the past, the area was semi-self-service, with some goods kept in a locked case.
- The absence of space-consuming products such as luggage and travel bags, and reduced sporting goods, plastic housewares and nursery departments to make room for faster-turning higher-margin products.
- Gondola heights lowered to eye level throughout the store, improved lighting and a new color scheme to accent the changes.
- Removal of a separate checkout for liquor, and moving of the liquor concourse to a side aisle from the front wall of the store.

The chain will continue to emphasize nationally branded consumables, a program begun a year ago.

Thrifty, the Los Angeles-based specialty drug chain, continues to mass merchandise more categories as demonstrated by the recent expansion and conversion to self-service of cosmetics. As a result of stepped-up remodeling and projected steady new store growth, same-store sales are up, as are chainwide sales for the first half of fiscal 1981.

Pic 'n Save's Net Jumps 65% in Qtr., 44% in Fiscal '80

CARSON, Calif.—Pic 'n Save's net earnings jumped 64% to $2.7 million on sales of $24.7 million for the first quarter ended March 31, 1981. Net earnings for the fiscal year ended Dec. 31, 1980 were up 44% to $14.8 million.

Sales for the fiscal year rose 33% to $113.6 million, with sales in the first quarter up 27%. The first-quarter sales increase was attributed to the eight new stores opened in 1980, and to increased volume in existing units, which accounted for more than 40% of the sales gain.

Aftertax interest income (net of interest) of $507,000, compared with $205,000 for the comparable 1980 first quarter, contributed to the net earnings increase.

Pic 'n Save, which specializes in discounting new closeout merchandise, opened two new units in the Phoenix, Ariz., area in May, bringing its store count to 72 in five Southwestern states.

Four-Week Sales Gain at Vornado

GARFIELD, N.J.—Vornado, parent of Two Guys, had unaudited sales of $49,050,000 for the four weeks ended May 2, 1981, including leased department volume of $2,430,000.

For the corresponding four-week period ended April 26, 1980, sales were $43,770,000 including leased department volume of $2,110,000.

Sales for the 13-week period were $121,740,000, with leased department volume totaling $5,660,000. This was a decrease of 2.7% from last year's $124,322,000, with leased department sales of $5,098,000.

Dollar General Net Up 20% in 1st Qtr.

SCOTTSVILLE, Ky.—Dollar General's first-quarter sales increased 23%, from $36,880,000 in the first three months of 1980 to $45,414,000 for the same period in 1981.

Net income was up 20%, from $124,000 last year to $149,000 this year.

Carolinas Growth Helps Rite Aid Hit Goal

SHIREMANSTOWN, Pa.—Rite Aid solidified its base in North and South Carolina, opening 46 of 78 new stores there in the last fiscal year, and acquiring 31 Fay's stores in those states earlier this spring.

The takeover and new store growth helped the chain hit its expansion goal for the 2nd consecutive year and brings its total store count to 909 units.

Sales increased 16%, from $811 million in the previous year to $944 million in the fiscal year ended Feb. 28. Net profits from continuing operations increased 18.5%, to $35.8 million, from $30.2 million.

In 1980, the chain, begun as a health and beauty aid specialty operation, added pharmacies to all but 70 stores that were too small to accommodate the department. Historically, the chain only added pharmacies to its stores after certain traffic levels were reached. The policy helped keep operating costs down.

Aside from these 70 units, however, the chain has targeted drug and H&BA products as its key area.

"We've carved our niche in the market, and we're going to do what we know best—the drug business," a Rite Aid spokesman said.

The merchandise mix in the 6,500-sq.-ft. stores will continue to emphasize H&BA and pharmacy, although other chains have ventured into general merchandise categories.

Housewares, stationery, school supplies and other such categories will continue to make up a "very minor part of business" at Rite Aids because of the store size, said a spokesman, adding, "We are gradually increasing the size of store we operate."

Also on tap this year is a remodeling of 10% of existing units.

Changes here will be mostly cosmetic—although some are designed to cut down on operating costs—such as the addition of new ceilings and lighting systems.

With the acquisition earlier this year of Fay's specialty drug stores in the Carolinas, Rite Aid contributed to two industrywide trends, consolidation of stores and exploitation of Sunbelt markets. Now 2nd largest in unit terms, Pennsylvania-based Rite Aid plans by year-end to push up store units to 955.

Poised to enter the select group of specialty-drug chains in the billion-dollar-sales club, Longs, with $893 million in sales last year, reported the highest sales per square foot in the industry, at $404.

16% Sales Hike Puts Longs In Sight of $1 Billion Mark

WALNUT CREEK, Calif.—A 16% increase in sales for the fiscal year ended January has put Longs Drug within striking distance of the billion-dollar-sales mark.

While net profits advanced at a slower pace of 10%, to $25.9 million, chain spokesmen said that without a LIFO charge of $3.5 million, the total would have been $29.4 million.

Per-store sales averaged $6 million for the chain, whose sales per square foot continue to lead the specialty drug industry at about $404.

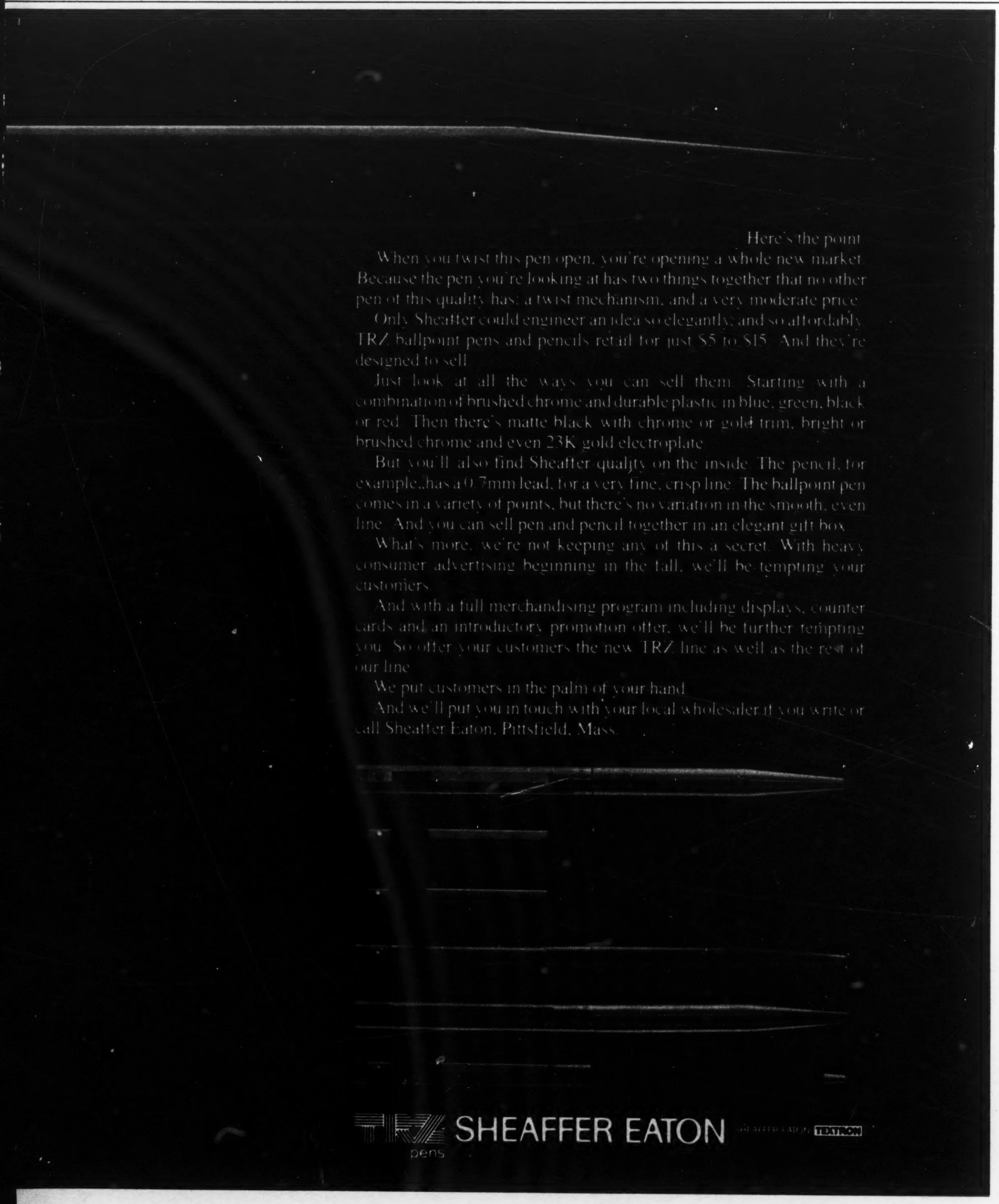
That figure can, in part, be traced back to the chain's decentralized distribution network that couples 10,000 sq. ft. of warehouse with 17,000 sq. ft. of selling area in each store.

In addition, the chain is beginning to move beyond the borders of its home state, California, where 123 of 149 stores are clustered. The others are in Alaska, Arizona, Hawaii, Nevada and Oregon. To complement two existing stores in the Reno, Nev., market, Longs last year bought two nearby Pay Less units.

Altogether, Longs opened 19 stores last year, setting a record for itself and doubling the average number opened annually throughout the 1970's.

No stores were closed, compared with the nine shuttered in the previous year, giving Longs a net increase of 27 stores in the last 12 months. With between 14 and 16 new units slated for the current year, for the chain's total number of operating units will approach 165 stores—of which Longs owns 63%.

On the merchandising side, the chain has taken the specialty drug industry's interest in convenience foods a step further with Kitchen Korners, 1,500-sq.-ft. departments offering dairy, deli and frozen foods. The program, tested in two stores last year, is being expanded to five other stores in California and Arizona this year.


Here's the point
When you twist this pen open, you're opening a whole new market
Because the pen you're looking at has two things together that no other pen of this quality has: a twist mechanism, and a very moderate price.
Only Sheaffer could engineer an idea so elegantly, and so affordably. TRZ ballpoint pens and pencils retail for just $5 to $15. And they're designed to sell.
Just look at all the ways you can sell them. Starting with a combination of brushed chrome and durable plastic in blue, green, black or red. Then there's matte black with chrome or gold trim, bright or brushed chrome and even 23K gold electroplate.
But you'll also find Sheaffer quality on the inside. The pencil, for example, has a 0.7mm lead, for a very fine, crisp line. The ballpoint pen comes in a variety of points, but there's no variation in the smooth, even line. And you can sell pen and pencil together in an elegant gift box.
What's more, we're not keeping any of this a secret. With heavy consumer advertising beginning in the fall, we'll be tempting your customers.
And with a full merchandising program including displays, counter cards and an introductory promotion offer, we'll be further tempting you. So offer your customers the new TRZ line as well as the rest of our line.
We put customers in the palm of your hand.
And we'll put you in touch with your local wholesaler if you write or call Sheaffer Eaton, Pittsfield, Mass.
TRZ pens
SHEAFFER EATON
TEXTRON

4-Wk. Sales Soar 20.5% at Sears

CHICAGO—Sears' merchandising sales for the four-week period ended May 2, 1981, were up 20.5% to $1,443,903,974, an increase of $245,445,523 over volume of $1,198,458,451 in the same period of 1980.

It was the largest increase for Sears' merchandising operations since December 1977.

4-Wk. Biz Jumps 14.1% at Woolworth

NEW YORK—The F. W. Woolworth Co. reported sales for the four weeks ended April 28, 1981, of $585,916,000, an increase of 14.1% over $513,590,000 during the comparable period in 1980.

For the cumulative 13 weeks, sales were $1,606,979,000, up 5.5% over $1,523,155,000.

Specialty Chain Census/Toys

Toys "R" Us Expands in New Areas

ROCHELLE PARK, N.J.—Toys "R" Us has continued to spread its wings into new territories, further cementing its position as the country's leading toy specialty retailer.

The chain now accounts for approximately 7.5% of all retail toy sales in the United States, up 1.5% from the year before.

Enters New Market

During the fiscal year ended Feb. 1, 1981, Toys "R" Us unveiled 16 new stores, four of which were in the Seattle/Portland area, and a new market for the chain.

In 1980, eager for new markets, the chain stretched its New Jersey-based operation into Oklahoma City and Dallas-Fort Worth. This year, the chain hopes to open 20 new stores, including a new unit in downtown Chicago, which will replace two smaller nonprototypical stores. The chain will also make its debut in the Philadelphia Metropolitan Area with five or six stores, and open a new warehouse/distribution center to serve the new market. Expansion plans for next year include a move into the Florida market.

Toys "R" Us took an aggressive stance this past census year, sacrificing gross margins to build on its customer base. The chain's inventory system enabled it to detect the impending decline in consumer interest in some first-generation, handheld electronic games. "We cleaned our shelves of this merchandise before other retailers spotted the trend and were able to replenish our stocks with more wanted basic merchandise," said Charles Lazarus, chairman and chain founder.

Earnings Climb

For the latest fiscal year, sales rose 24.4% to $597.3 million compared to $480.3 million in the previous year. During the same period, net earnings climbed 8% to $28.9 million, representing a 4.8% sales/earnings ratio. Earnings for the year were reduced by a LIFO charge of $3.2 million, compared to a LIFO charge of $701,000 the year before. Net earnings per share have been restated to reflect the 3 for 2 stock split effected on July 28, 1980, and the adoption of new rules for vacation pay accounting. Same-store sales grew 10.2% in fiscal 1981, while shareholders' equity jumped 24.5% to $150 million, and cash balances jumped to $76 million.

Linked to Ad Budget

Selling, advertising, general and administrative expenses increased from 21.1% of sales in fiscal 1980 to 22.0%. Management linked this rise to a beefed-up advertising budget and higher payroll and related costs. There were additional costs resulting from the company's move into larger corporate headquarters last February.

Fifty-five per cent of the chain's sales are rung up in November and December, and almost all of its earnings occur in the fourth quarter, management reported.

Top Toy Chains Near $1B Mark

Chain	No. of Units May '80	No. of Units May '81	No. of Units Dec. '81	Volume in Millions Last Completed Fiscal Year
Toys "R" Us	72	85	101	$544.2
Lionel Leisure	65	96	116	206.7
Child World	66	68	71	174.2*
Circus World	111	117	124	89.5
Toys World	47	53	53	31.8
TSW	10	11	13	13.0
Hobby Center	20	22	24	8.0
Play World	11	11	11	26.0
Playhouse	15	16	19	N/A
Toyco	12	12	12	6.7

DSN estimate

Toy chains currently account for 14% to 16% of the country's toy sales, but industry sources expect that market share to grow to more than 20% by the end of the decade.

notices of TRADE PROMOTIONS & ALLOWANCES

Glenbrook Laboratories

TRADE NOTICE

Periodically Glenbrook Laboratories offers promotional allowances and merchandising materials which are useful to all retailers stocking our products. From time to time, allowances are available for newspaper and handbill advertising, display and other consumer-oriented promotions. Details are set forth in specific promotional selling material. Proof of performance (tear sheets, copies of handbills, etc.) and proof of delivery (supplier's invoice) are required for payment of allowances. Our merchandising materials consist of newspaper mats and in-store display material, etc.

If you would like to receive specific details on available offers, send your name, address and telephone number to:

Sales Promotion Manager
Glenbrook Laboratories
90 Park Avenue
New York, N.Y. 10016

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You want your notices of trade promotions and allowances to be read and acted on. Discount Store News has created a special section devoted solely to trade promotion and allowance notices. And, because Discount Store News is subscribed to, read and respected by, key influentials in

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Fiberseal batts are composed entirely of Dacron polyester sealed in a unique heat process without

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Toys/Specialty Chain Census

Lionel Leisure's Acquisitions Take Chain to New States

PHILADELPHIA—Lionel Leisure, the second largest toy chain in the country, kept rolling along with its growth-by-acquisition strategy.

It picked up nine Fun City stores from TTH Corp. early last year and 17 Toy City stores with its recent acquisition of Consolidated Toys, a St. Louis-based wholesaler.

The chain's acquisitions blazed trails into Alabama, Arizona, Colorado, Louisiana, South Carolina, Texas and Virginia and contributed 18% of the chain's sales gain last year. Lionel's store count was further enhanced by the unveiling of 14 new stores, pushing the total to 96 units by year's end.

The company also operates stores under the Lionel Playworld, Lionel Kiddie City, Lionel Toytown and Lionel Toy City names. The chain plans to add approximately 20 toy stores in new and existing regions in 1981. Following a strategy embraced by many other toy retailers last year, Lionel stores went after sales at the expense of margins. Operating profit increased 11.3% to $11.6 million in 1980 compared to a 52.4% operating profit gain in 1979 and a 30.1% jump in 1978. Chain management blamed the drop-off in percentage gains on soft same-store sales, a "disappointing Christmas selling season," and reduced gross margins.

This 1980 strategy was a departure from that used in 1979, when the chain bolstered gross margins and trimmed operating expenses. The result was a sales increase for both 1980 and 1979 of 36%, with 1980 sales reaching $206.7 million. Twelve per cent of that gain was generated by the 14 new stores; same-store sales climbed 6% as compared to the previous year.

Cost of sales in the last fiscal year was 69.2% of sales, 1.8% greater than in 1979. Management reported that the increase was linked to the acquisition of Fun City and Consolidated Toys' Toy City stores, both of which traditionally operated at lower gross margins than do Lionel stores.

Lionel clamped down on selling, general and administrative expenses, reducing them to 25.7% of sales in 1980 from 26.3% a year earlier—primarily as a result of stringent cost-reduction programs. Lionel's toy stores contributed 72% of total corporate sales.

Circus World Prudent in '80, Eyes Future

TAYLOR, Mich.—Circus World took a conservative approach to business during 1980 to improve its cash position for future expansion opportunities, according to Sid Rubin, president and chief executive officer.

Circus World—which unveiled 23 new stores in 1979 to take first place in store count among toy specialty chains—scaled down its 1980 expansion program from nine stores to six. The move was in line with the chain's desire to build up its capital reserve.

New stores will be concentrated in Circus World's existing markets in Florida and Texas, which along with home-base Michigan, bring in the greatest volume. "We will place most of our efforts into improving our position in existing markets," said Rubin.

Rubin said the chain's efforts to become more promotional during 1980 won it a whopping 42% sales gain. DSN estimates the company's volume at $90 million—with same-store sales up nearly 10%.

To support its promotional activities, the advertising budget was fattened by one-half of 1 per cent of sales. At the same time, stricter inventory measures were taken: Inventory was whittled down by $7 million during 1980—ridding stores of non-productive items, especially hand-held electronic games—and more dollars were shifted into higher-margin, basic, "meat and potato" toys, according to the chain executive.

(The ad budget increase was more modest than that of some competitors, Rubin said, because Circus World stores can rely on the traffic-drawing ability of their regional shopping mall locations. Therefore, even in a promotion "war," Rubin felt his stores did not need to build up advertising as much as his competitors in freestanding locations.)

Rubin insisted that the expected nationwide slowdown of shopping mall construction during the next few years will actually open up new avenues of opportunities for Circus World. "Landlords are re-merchandising their malls to weed out poor tenants to make room for more viable tenants," said Rubin.

Cole National Acquires Child World Toy Stores

AVON, Mass.—Child World, operator of Children's Palace and Child World toy stores, became part of Cole National earlier this year.

Cole, a Cleveland-based specialty retailer which operates The Original Cookie Co., The Craft Showcase (hobbies and crafts), Things Remembered (giftware), The Key Shops and a chain of Optical Departments in Sears and Montgomery Ward stores, had sales in excess of $178 million last year. With the Child World acquisition sales will top $400 million this year, according to a Cole spokesman.

Child World operates 36,000-sq.-ft. stores in the Northeast, and in the Midwest, the stores operate under the Children's Palace name.

The toy chain currently operates 68 stores, has plans to open three more units by year's end, and "many more next year," according to the Cole spokesman.

Reflecting the acquisition, first-quarter results for Cole showed an 88% gain in sales from $36.5 million to $68.7 million. Also reflecting the acquisition, earnings tumbled into the red for a net loss for the quarter of $1.7 million. In addition, the Cole spokesman noted that "Child World always posts a 4th-quarter loss."

Despite their nearly 20% share of the retail toy business, specialty retailers took it on the chin last year, the result of a promotional frenzy that gripped the industry in the last months of 1981 and ate deep into margins.

Looking ahead to this year, the Cole spokesman said "we're hopeful that this year won't be as promotional."

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We're talking about products like Derusto Minute Finish, the fast-drying, high-gloss, industrial-strength paint with the rust-preventive primer in every coat. And Derusto Protective Coating, the extra-rugged, corrosion-resistant semi-gloss paint. Both available in regular or spray cans, too.

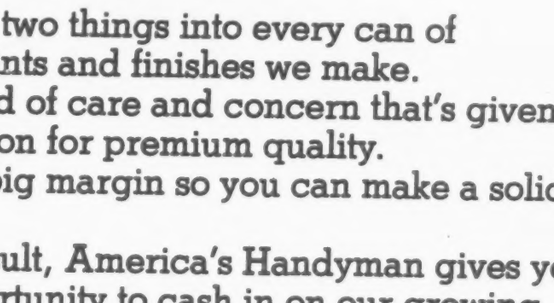
Or the other fast-moving Derusto products like tight-sticking Galv-A-Grip for galvanized and aluminum gutters and downspouts. And heat-resistant Barbeque Black.

Then there's deep-penetrating, weather-resistant Heart of America Latex Exterior Stain and our exciting new line of 5 Furniture Care Products: Refinisher, Tung Oil, Cleaner, Lemon Oil and Interior Wiping Stains. They come individually or in a complete do-it-yourself kit.

A great show.

A super product selection isn't all we have going for you, though.

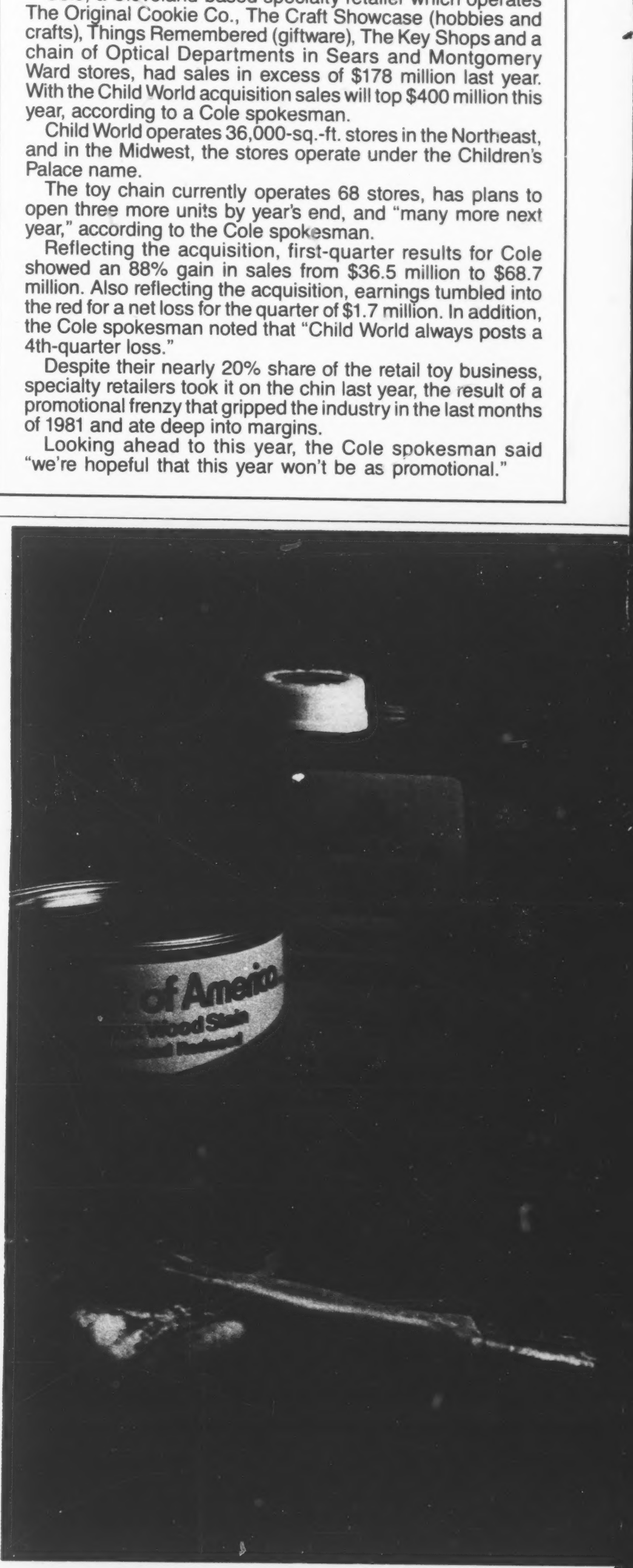
We're going to expand our current advertising blockbuster with a campaign in 1981 that will reach more people with more eye-catching messages than ever before.



There'll be more new TV commercials on more super shows. And more new ads in more magazines, reaching more of your best customers.

A big payoff.

What else can you get? The latest DAP displays. Like the colorful Derusto Spray Merchandiser, and great new Barbeque Black grill display.



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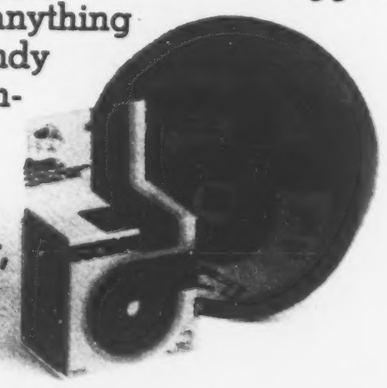
A real winner. Arno Tapes.

There's an exciting addition to the DAP Family of famous fix-up products . . . rugged, all-purpose, stick-to-anything Arno Ductape. In handy header boxes and convenient shrink-wrap packages.



If you want to go with a winner this year, your DAP Representative has just the ticket.

Oshman's Big Unit Gainer; Herman's Cuts Expansion

Chain	No. of Units May '80	May '81	Dec. '81	Sales in Millions Last Fiscal Year
Herman's	88	92	92	$225.0*
Oshman's	91	137	142	144.9
Big 5	53	61	63	N/A
Sunset Sports	24	30	30	56.0*
Morsan	8	5	5	15.2
Dave Cook	13	14	14-15	N/A
Gart Brothers	10	11	N/A	20.2*
Michigan	8	8	9	18.0*
Brendamour's	11	12	13	8.0*
Casey's	6	7	8	7.7*
Colman	4	4	4	N/A
Hollywood Sports Plaza	4	4	N/A	N/A

*DSN estimate

Largest chains fared best in store growth last year, while smaller chains cut back expansion plans in the face of high interest rates and a tough retail environment. Two chains—Sunset Sports and Casey's—are setting up more factory liquidation stores. Zale got out of the business, selling 33 units to Oshman's. Herman's has stopped new-store growth.

Growth Boom Over, Herman's Plans No New Units in '81

CARTERET, N.J.—The boom is over at Herman's.

After adding 19 stores in 1979 and a dozen units the year before, Herman's increased its store base by only four last year and has no new stores planned for 1981.

A spokesman at Herman's parent company, W. R. Grace, said the 92-unit sporting goods chain will concentrate on existing units and will probably not add another store for the next 18 months to two years. The only likely exception, the spokesman said, would be if an attractive site opened up in the lucrative New York Metropolitan market.

Herman's remains the top sporting goods chain in the country on the basis of volume—though Oshman's now holds a clear lead in store count.

(Grace lumps Herman's sales together with those of its jewelry stores in financial reports. Management had projected a volume of $225 million at Herman's for its last fiscal year [1980], according to a spokesman who refused to comment further. This target was a 15% increase from the year before. Herman's and the jewelry stores together achieved total volume increases of 19.7% last year.)

The drop in expansion plans reflects Grace's easing commitment to its retail operations in general. Earlier this year, Grace announced its intention to create a new company out of its nonrestaurant retail companies by selling a 50% interest over five years to Dutch retailer Vroom & Dreesmann B.V.

The deal encompasses in excess of 450 stores in jewelry, sporting goods, Western wear and home centers. Vroom & Dreesmann will pay Grace $90 million by the end of next year, and more than $200 million in total—with payments beyond the initial two years based on earnings multiples.

The selloff promises good things for Herman's future: A.C.R. Dreesmann, chief executive officer of the Dutch firm, has cited both Herman's and the home centers as areas of high growth potential, and reportedly wants to double the number of those stores over the next few years.

Grace executive vp Charles Erhart Jr. said the deal "enables us to have the advantage of a strong partner while conserving capital costs."

Vroom & Dreesmann operates more than 700 stores in the Netherlands, as well as banks and insurance companies. The corporation's sales were $4.3 billion last year.

To further set its retail group apart, Grace bolstered the group's management ranks, pulling out two of Herman's key executives for corporate posts.

Herman's president Norman Abramson was appointed senior vp of special projects, and Herman's senior vp of operations Simon Atlas was tapped as group senior vp of personnel.

Herman's new president is Bernard Cohen, formerly president of Save-A-Stop's retail division. Jack Smith, president of Grace's 146-store women's apparel chain, Diana Shops, has been named executive vp of operations at Herman's.

In merchandising changes, Herman's is taking advantage of the boom in athletic footwear by installing special departments in some stores called "Shoes for Sports." The chain is also trying to strengthen its appeal to women, who now account for 40% of its customer base.

Grace's retail group as a whole increased operating income 16% after taxes last year, with the home centers and Shepler's (Western wear) outperforming Herman's and other store types.

Morsan Regroups On 5-Store Base

PARAMUS, N.J.—Morsan trimmed its operation down to a five-store base this year.

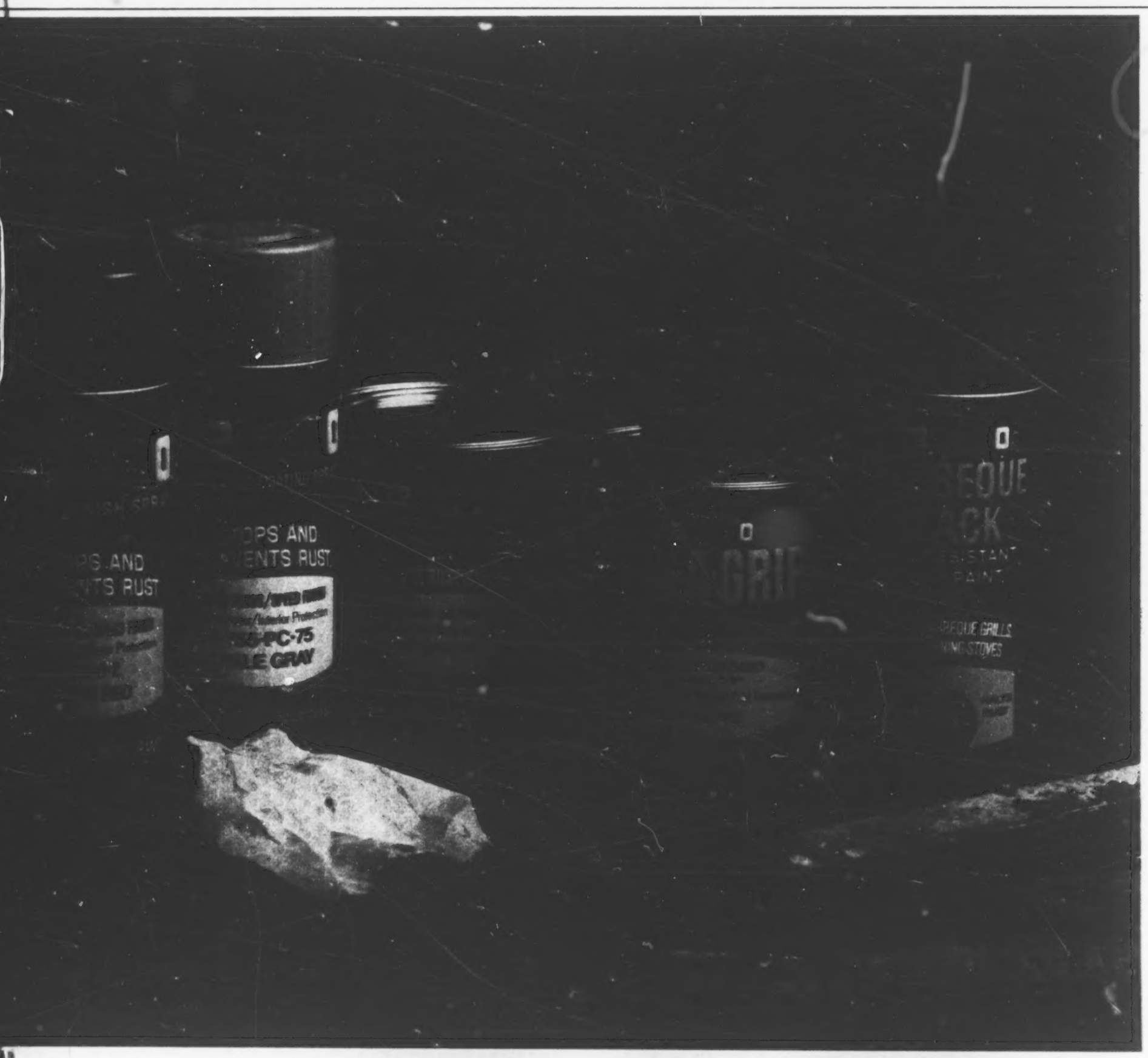
Morsan closed three of its eight units over the last year, pulling out of Westchester and Manhattan, N.Y., and Orange, Conn.

Sales for 1980 fell to $15.2 million from $20 million the previous year.

Hudson Chairman Takes ARF Helm

WASHINGTON—Joseph L. Hudson Jr., chairman of J. L. Hudson and a director of Dayton Hudson, is the new chairman of the American Retail Federation. He succeeds Prentis C. Hale, chairman of the executive committee of Carter Hawley Hale, who will continue as chairman of the executive committee of the A.R.F.

The A.R.F. is a Washington-based umbrella organization that represents state and national retail trade associations and includes corporate members.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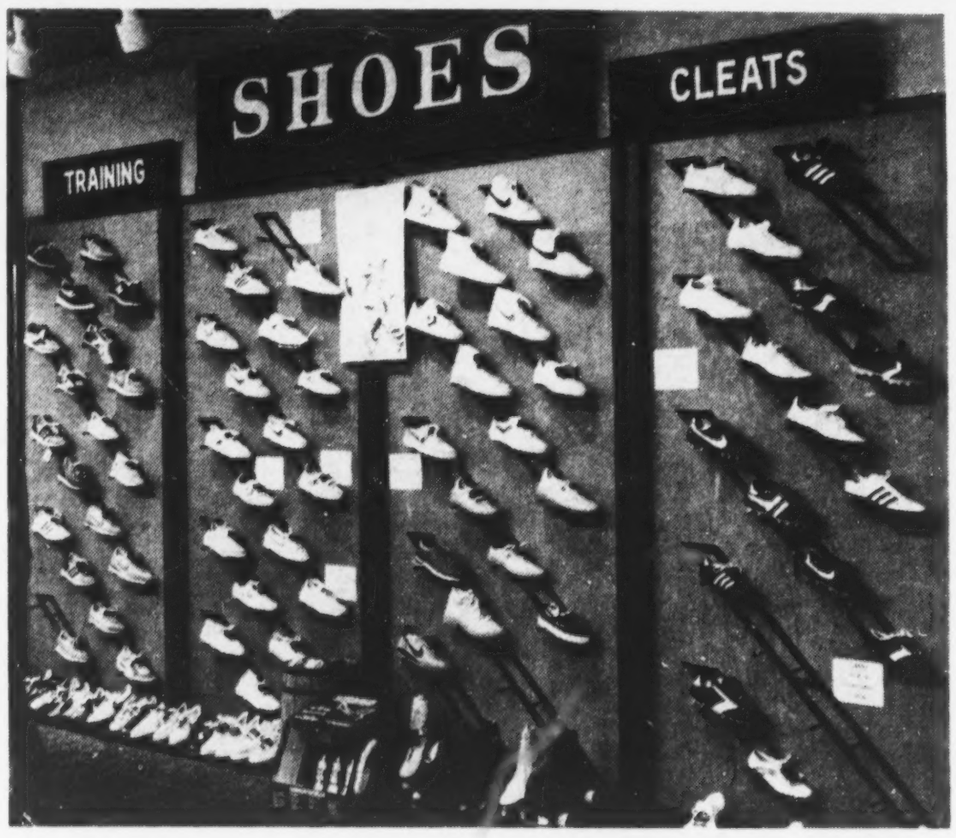
Sporting Goods/Specialty Chain Census

Oshman's Leads With 137 Units

Oshman's is now the clear leader among sporting goods chains with 137 stores, following the pickup of 33 stores from Zale. Volume still lags behind 92-unit Herman's, though Oshman's may hit $200 million this year.

Typical stores are 11,000 sq. ft., giving plenty of display space to broad assortments, even in space-consuming categories such as tents (l.) in this Stockton, Calif., unit.

The broad assortment of athletic shoes (r.) from the same store shows off the range of stock while maintaining economy of space.



A better way to direct store traffic.

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Congestion anywhere along the line can lead to problems in customer service, employee productivity and all the other areas of information management.

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Mervyn's is now using the Retail System throughout five western states, and JC Penney has installed it in Chicago, Atlanta and many other cities.

Applying knowledge of retailing and advanced communications to information management systems for retailers, that's our business.

A call to your Bell Account Executive can put our knowledge to work for you.

The knowledge business

Oshman's Ups Store Base 50.5%

HOUSTON—The largest growth spurt in sporting goods specialty retailing over the past year came from Oshman's, which increased its store base by 50.5%.

Oshman's now operates 137 stores vs. 91 a year ago, establishing clear dominance as the nation's largest sporting goods chain by store number. Herman's, with 92 stores, is still the volume leader.

Oshman's volume may hit $200 million this year, however, bringing it closer to Herman's in sales. While Oshman's continues an aggressive expansion program, Herman's has stalled its store growth.

(The two chains do not compete head-to-head. Herman's is concentrated in the Northeast, while Oshman's has over 40% of its stores in Texas and almost as many in California.)

Most of Oshman's 1980 growth came from the $5.4 million purchase of 33 sporting goods stores from Zale late in the year. Zale sold off its 38-store sporting goods operation after several seasons of sluggish growth, despite earlier-announced plans to expand its store base.

Oshman's volume for the fiscal year ended Jan. 31, 1981, was $144.9 million, an increase of 11.5% from the year before, $135.0 million.

Earnings at Oshman's fell by 20% last year, with the fiscal 1980 net income totaling $5.0 million. The year before, net income was $6.3 million.

"The financial results were the product of general economic conditions," Oshman's treasurer Richard Bockart said, "and bad weather. What hurt us primarily was a lack of snow in markets where we depended on it." The Zale purchase did not affect financial results for the year, he added.

This year's volume will reflect the increase in store units. While dollar projections are not precise, Bockart said the sporting goods stores purchased from Zale represent "in the neighborhood of $35 million to $38 million in volume."

In addition, Oshman's will benefit from five stores it has added so far this year and another five to seven it plans to add by December. Management plans to have 142 Oshman's operating by the end of the year.

Specialty Chain Census/Sporting Goods

Sunset on Fast Expansion Track

SALT LAKE CITY—Sunset Sports has been put on the fast track by its parent, Memphis-based food wholesaler Malone & Hyde. Growing from a base of 24 stores in mid-1980, the chain has added six stores for a 25% increase.

In addition, Sunset Sports operates factory liquidation outlets with discounted merchandise. This operation has now been expanded from the six units existing in January 1980 to 11.

This expansion significantly exceeds the two or three stores per year pace that Sunset Sports had maintained while it was privately owned. (Malone & Hyde acquired the company in January 1980, in a deal which one retail analyst pegged at $26 million in total cost.)

Stores currently run from 12,000 sq. ft. to 20,000 sq. ft. Malone & Hyde's management has stated a desire to expand the chain's total square footage by 20% a year for the next few years with new stores.

Primary building emphasis will be in Sunset Sports' home areas of Utah, Idaho, Wyoming and Arizona, although under Malone & Hyde the chain has also broken into the state of Washington.

Upswing Noted

Two stores in Spokane and a unit in Kennewick were among the new stores added since last year in Sunset Sports' push into eastern Washington.

Malone & Hyde does not break out volume for Sunset Sports from its other specialty retail operations, which include drug stores. Malone & Hyde chairman J. R. Hyde III said, "Despite poor snow conditions in the ski areas where it operates, higher sales and earnings were obtained" by Sunset Sports over the first half of its present fiscal year.

The chain's prior track record was impressive. Sales and earnings had grown at an average rate in excess of 25% a year in its 13 years of private ownership.

In merchandising philosophy, Sunset Sports runs with sharp prices on high-identity items to compete with discounters, but carries broader assortments than either mass merchants or limited-line sporting goods specialists. Stores are serviced.

Sales per store run slightly more than $2 million. In fiscal 1980, sales per square feet were $160 chainwide, and Sunset Sports achieved 12% same-store sales increases from the year before.

A spokesman at Malone & Hyde said no new stores are planned to open before the end of 1981.

Big 5 Doubles Growth, Opens 5 of 7 Units Set

HAWTHORNE, Calif.—Big 5 sporting goods has doubled last year's growth rate, with five of seven stores planned for this year already opened and two more scheduled by year's end.

Last year was a slow growth year for Big 5, with only three of a half-dozen projected openings for fiscal 1980 added to the 53-store base.

(Volume of the now 61-unit sporting goods specialist is not made public by its parent, Thrifty Corporation. Big 5 is operated as a subsidiary of Thrifty under the name United Merchandising Corporation. Thrifty, primarily an operator of drug stores, had sales of $949.3 million in its last fiscal year.)

Big 5 is building in its home base of southern California and Nevada, although the primary emphasis is on California where more than 90% of the Big 5 stores are located.

Rather than place its new stores in existing markets however, Big 5 has been breaking ground by entering new ones.

Store size is generally 10,000-12,000 sq. ft., though older units run slightly smaller.

Sears Testing Video Catalog

WASHINGTON—In an experiment that could revolutionize the use of catalogs, Sears is testing a videodisc in six Washington stores, stores in Cincinnati and 1,000 homes across the country.

Sears' entire summer catalog of some 260 pages and some 10,000 items appears on the videodisc, complete with slides that list ordering information. The disc shows the merchandise in scenes similar to commercials. For example, Cheryl Tiegs models Sears sportswear. Actors demonstrate, for example, charcoal grills.

If the experiment is successful, Sears plans to put its other catalogs on videodiscs. The chain has already experimented in Ohio with a two-way system that permits viewers to order through TV what they see.

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Census/Consumer Electronics

Computers Key Sales Surge at Radio Shack

FORT WORTH—Radio Shack has tuned its merchandise mix and achieved sales growth in excess of 20% so far this year, in part, because of its home computer systems.

Radio Shack had 65 special-computer centers in operation at the end of its last fiscal year (June 1980), and almost doubled that number this year. In addition, more than 100 regular Radio Shack stores were given expanded computer departments for sales and servicing of its TR-80 computers.

Computers represented only 1.8% of Radio Shack's sales in 1978, but last year they accounted for 12.7% of the chain's business. This was a 50% increase from fiscal 1979, when computers represented 8.8% of Radio Shack's business. Figures for the fiscal year ended this month were not available.

The growing strength of computers shows in Radio Shack's other merchandising. Radios, tape recorders and phonographs combined represent only 18.7% of Radio Shack's volume. These categories, plus all stereo equipment, citizens band radios, scanners, electronic parts and accessories have all decreased as a percentage of Radio Shack's total sales over the last several seasons.

Those product lines which gained a bigger share of total business at Radio Shack last year were computers, telephone and intercom equipment and electronic games. These were tagged as growth areas for this year, too, according to Radio Shack executive vp John Roach.

In addition, Radio Shack entered the television business last fall for the first time, with a miniature black-and-white set combined with an AM/FM radio and two-color sets.

Radio Shack keeps its stock under close control, always carrying close to 2,400 sku's (with a 10% variance either way) in its typical store of 2,100 sq. ft. Gross margins on the heavily private label mix run in excess of 56% now.

Radio Shack stores in the United States represent approximately 80% of Tandy Corp.'s total volume, which was $1.38 billion for the fiscal year ended June 30, 1980.

Isolation of Radio Shack's sales so far this year show the chain to be growing at a pace only slightly slower than its parent corporation's consolidated sales, and at a pace significantly higher than last year's.

For the 2nd quarter of its fiscal year, Radio Shack sales were up 16.8% from fiscal 1980. Stores which had been in operation for more than one year had gains of 8.4% for the quarter. For the 3rd quarter of this fiscal year, Radio Shack sales were ahead of last year by 24.9%. Stores that had been in operation both years showed gains of 13.3% for the quarter.

In fiscal 1980, same-store sales increases at Radio Shack were 6%, down from the previous year's same-store growth rate of 10%.

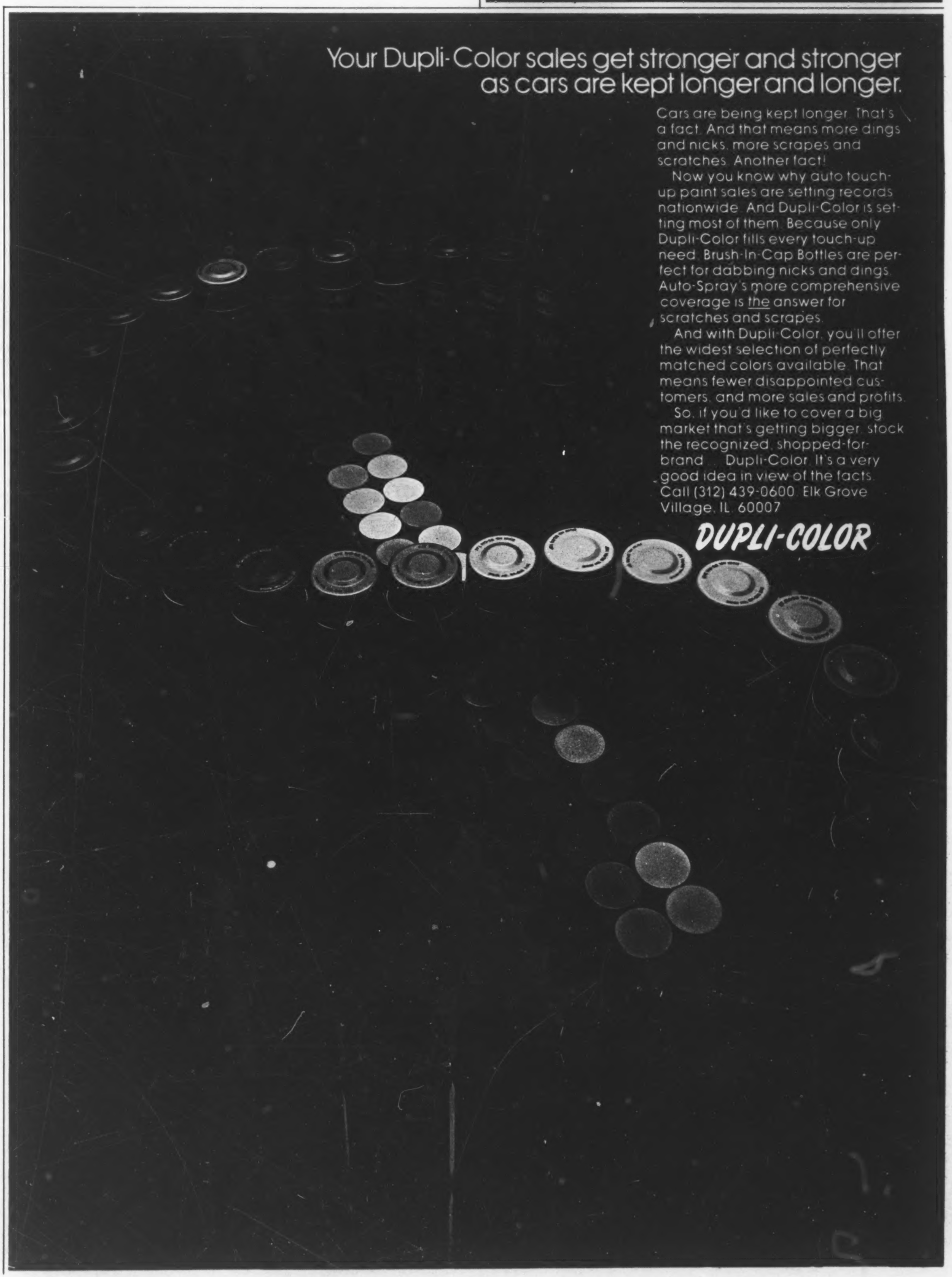
The total store base at Radio Shack is up only 1.7% from a year ago, with 6,150 units operating in the United States compared to 6,045 operating in May 1980.

Slow Growth Marks Year for Consumer Electronics

Chain	No. of Units May '80	No. of Units May '81	No. of Units Dec. '81	Sales in Millions Last Completed Fiscal Year
Radio Shack	6,045	6,150	6,400	$1,128
Team	115	115	125	55
CMC	58	58	58	50
Kelley & Cohen	43	44	44	66
Sam Goody	29	32	32	74*
Newmark & Lewis	17	18	N/A	33*
Atlantis Sound	10	10	10	N/A
Pacific Stereo	89	89	89	N/A
Lafayette	8	8	**	**

**DSN estimate*
***At presstime, Lafayette Radio was about to be bought by Ward's Co., Richmond, Va.*

Consumer electronic chain sales made little headway in 1980, leaving most chains looking to video discs and cassette recorders and the 1st wave of home computers to generate consumer interest and sales.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Consumer Electronics/Specialty Chain Census

Video Discs, Computers Seen as Major Part of Team's Future Growth

MINNEAPOLIS—Both video discs and recorders and computers should be a major part of our future growth, "reported Gary Thorn, executive vice president of Team Electronics.

Already the company's 115 stores have experienced a shift in their merchandise assortments: Micro computers from Atari and Apple, for example, carrying an average price ticket of $5,000, have been selling steadily.

Video discs and recorders are starting to see a pick-up in business, Thorn said, as are the "new so-called personal stereo systems" by Sony, Sanyo and Panasonic.

Atari's recent knock-down on the price of its low-end computer, to roughly $349, should also help stimulate business, he said.

Team Closed Its Company-Owned Stores

MINNEAPOLIS—Team Electronics will add 10 new stores to its 115 unit base this year, but unlike last year when the company operated 10 company-owned stores, all stores are now franchised outlets.

"We bought the company from Dayton Hudson, which was a supporter of the company-owned strategy," explained Gary Thorn, Team executive vice president, "but we feel the franchise business is where our strength lies, and so we're going to develop that."

One hundred and fifteen stores now bear the Team name in 19 states, predominantly in the Northwestern quadrant of the country, including two stores in Alaska.

This year the company will open 10 more stores, including a second in Oklahoma City. The chain's first Oklahoma City unit opened earlier this year: "It was our first Southern store," Thorn said.

While the stores are clustered around major markets, Thorn added that team management generally encourages new owners to open in secondary and tertiary markets, "where they can afford the [advertising] costs."

All stores are supplied out of the company's single warehouse in Minneapolis. "Better than 90% of dealer purchases came from our warehouse last year," Thorn said.

Sales last year brushed past the $55 million mark and are expected to close in on $60 million this year.

In addition to supplying merchandise, headquarters supplies all of its member stores with physical services: "Everything from helping them with bank negotiations to co-op advertising to management information services," according to Thorn. In 1982 the company will go on-line, replacing its current manual reporting system with a computerized system.

The stores are currently on-line (via telephone) to the Minneapolis warehouse for reordering purposes.

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Video Cassette Recorders Boost T.G. & Y. Mix

While most of its consumer electronics merchandise holds to the middle of the price-point road, T.G. & Y. added video cassette recorders to the CE departments of a handful of select stores. *(DSN photo)*

Good Chance CMC Stereo Will Add Home Computers by Year End

ST. LOUIS—Home Computers may be on-line at CMC Stereo Centers by year's end.

"We currently do not handle any of the new home computers," reported Wayne Stevenson a merchandiser for the 58-unit chain, "but there is an excellent chance we will add them to our general merchandise line before the end of 1981."

The market position for the chain is that of complete audio/video store with installation bays for auto-sound installation: "We don't carry air-conditioners or appliances," Stevenson said, and while the chain does carry high-end equipment, "we don't carry any of the high-end lines."

The stores of the privately held chain are all company-operated and scattered across the eastern half of the country in major metro markets.

The company, which had sales of $50 million last year, has no plans to open new units this year.

"Economics prohibited us from opening new stores last year," Stevenson explained, "and while we would like to be able to add new stores as replacements—and we are looking at specific markets—we have no plans at this time to open new stores."

Kelley & Cohen Puts in Home Computers Now

PITTSBURGH—Kelley & Cohen is making the move into home computers.

President Jim Sachs told DSN that the chain will have an Atari home computer (model 400) in stores within the next 30 days.

"I don't anticipate a large sales volume from it, but we have to be in the business," Sachs said. Kelley & Cohen has been planning to stock home computers for some time. Other consumer electronics specialists, such as Radio Shack, are heavily into the category.

The Atari unit will retail near $400, which is at the low end of the home computer market. Sachs said a customer will be able to buy the computer and a complete software kit—excluding a printer attachment—for $1,000.

Sachs noted that inventory investment required to stock many newer product lines in electronics, such as video disc players, keeps assortments limited. Kelley & Cohen has one sku in a video disc player.

"We have the RCA video disc player, but we won't be going any deeper into the category," Sachs said, citing a limited base of consumers at present who wish to purchase movies and play them at home.

Kelley & Cohen's video disc entry is a lower-ticket offering than laser disc systems, but Sachs does not see incompatibility between the three major types of video disc systems as a problem.

"The difference between disc systems gives consumers a choice, just as they had a choice between beta and VHS systems in video recorders," Sachs said, "and both types of recorders sold well. I wish this category would take off. I'd be more than happy to sell them all."

The Pittsburgh-based chain has added another store since last year, a 5,000-sq.-ft. unit in its home city. Most of Kelley & Cohen's stores run close to 5,000 sq. ft., although the chain also has some "super stores" of 8,500 sq. ft.

Kelley & Cohen now has 44 stores, more than half of which are in the Pittsburgh area. Other stores are in Virginia, West Virginia, Kentucky and Upstate New York.

The company does not release its sales volume, although DSN estimates its volume to be near $66 million.

Sachs said sales increases last year equaled inflation on a store-for-store basis, with additional volume coming from the one new store. This year, Sachs said: "We have had a tremendous spring so far."

Ward's Co. Takes Over Lafayette

SYOSSET, N.Y.—Lafayette Radio, the one-time specialty consumer electronic chain giant that went into Chapter XI last year, is about to recover—under new management.

The now-eight-unit chain will be acquired by Ward's Co., Richmond, Va., at the end of this month. Ward's, which also operates the Circuit City consumer electronic chain, plans to leave the Lafayette name over the door of the eight existing stores, according to a Lafayette buyer, but no plans have been announced to add new units.

Vitamins Build Up Volume: P. 11

PMAs: H&BA, P. 14; Automotive, P. 26

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Discount Store News®

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Chains' Local TV Ad Outlays Inch Ahead, Reflect Biz

But, $$ Soar at Wal-Mart, K mart

Nationwide DSN Report

Local television advertising expenses profiled the hard-pressed discount industry in 1980, with many chains increasing expenditures just enough to keep abreast of escalating broadcast costs.

Only a handful of chains, Wal-Mart and K mart among them, poured considerably more money into local TV.

High-flying Wal-Mart increased its TV ad budget by nearly 90% to almost $6 million and industry leader K mart, bent on repositioning itself with a more upscale, fashion-oriented image, pumped 26% more dollars into local TV than it did a year ago, for a total of $17.6 million.

The 1980 figures were just released by the Television Bureau of Advertising (TVB) based on data supplied by Broadcast Advertisers Reports (BAR). BAR bases its data on local television monitoring for one randomly selected week each month, except in New York, Chicago and Los Angeles markets which are monitored full-time.

For K mart, the increase in local TV expenditures was offset by a comparable $3 million reduction (to $5 million) in network time expenses, a K mart spokesman said. Any differences after that were attributable to inflation. Overall, in its last fiscal year the chain spent $339 million on advertising, as compared to $301 million the year before.

For Wal-Mart—with approximately 7% of its advertising budget going into local TV spots—1980's increases were fairly abnormal, according to Al Johnson, the chain's senior vice president, merchandise and sales.

Last year was a year of dramatic growth, he explained, with the chain expanding its broadcasting of commercials from Tuesday to Friday evenings every week into 14 markets. This year will not see anywhere near that kind of increase, he said. Markets added this year included Dallas, St. Louis and Greater Kansas City.

(Continued on page 34)

Expenditures of the Top 15 Discount Chain Local TV Advertisers in a Single Market

Chain	Market	1979	1980	% change
FedMart	Los Angeles	$3,674,200	$1,680,400	− 54
The Akron	Los Angeles	349,700	1,439,400	+312
Gemco	Los Angeles	1,406,300	1,381,100	− 2
Zodys	Los Angeles	1,334,800	1,371,600	+ 3
Fred Meyer	Portland, Ore.	1,172,000	1,336,800	+ 14
Richway	Atlanta	1,189,100	1,251,100	+ 5
Wal-Mart	St. Louis	638,200	1,237,700	+ 74
Two Guys	New York	2,234,000	1,233,300	− 45
Wal-Mart	Dallas	593,500	1,040,900	+ 75
Target	Minneapolis	502,800	884,200	+ 76
Target	Denver	269,700	840,100	+211
Target	Dallas	338,500	831,700	+ 64
Korvettes	New York	1,499,700	787,800	− 47
Gemco	Houston	529,500	776,300	+ 47
Wal-Mart	Kansas City	—	755,200	—

Source: Television Bureau of Advertising based on Broadcast Advertisers Reports (BAR) figures.

Editor's notes:
1. National chains (K mart and Woolco, for example) have not been included in the above listing. 2. Local TV dollars have been adjusted by BAR to closely approximate the level of FCC local dollars in the 75 monitored BAR markets. They are not comparable to previously published data. 3. Most co-op activity is credited by BAR to the manufacturer and not to the above local advertisers.

Widespread Gains Seen From Pamida's ESOP

By Doug Stinson

OMAHA—Pamida's ESOP (Employee Stock Ownership Plan) sounds like a silver lining without a cloud.

The employees gain, because they will be receiving a share of ownership in the company proportionate to their salary as a percentage of the total qualified payroll, at no cost to them.

The former owners (shareholders) of the company gained by receiving for their stock in a closely held company a price well above the market value at the time tendered. Those who did not tender their stock are now shareholders in PMD Investments Inc., the investment company that is the remains of the old Pamida corporation, which makes investments only in tax-free securities. (Previous chairman of the board D. J. Witherspoon was the major shareholder in the old Pamida corporation, and remains the majority shareholder in PMD. DSN estimates his personal, tax-free income from PMD alone to be in excess of $1 million annually.)

But most of all, the new Pamida corporation gains. It is entitled to make a contribution of 15% (maximum) of the payroll of qualified ESOP employees each year to the ESOP, which operates basically like a trust for the employee-members. That 15% contribution—approximately $4.5 million, according to an ESOP spokesman—is tax-free. Then, because of the financing arrangement made at the time the ESOP was initiated, the ESOP returns that money to the corporation to be used in retiring the original bank financing ($19 million). That repayment to the banks allows them to release more Pamida stock from collateral, and that stock, when received by the

(Continued on page 31)

Exterior Stains Seen Making Paint Dept. Splash

Nationwide DSN Report

Discounters expect exterior stains to brush by other paint categories in growth this year and next, as one of the true growth areas in the highly promotional department.

Chains ranging from K mart, Zayre and Wal-Mart to Target and Caldor are among those pushing wood stains in promotions, while others such as T.G. & Y. and Gee Bee report they are trying several sku's this season with deeper entries into the category possible next year.

"Exterior stains will probably be the single largest growth category this year," a spokesman at T.G. & Y. said. "Up until five years ago houses didn't have enough exposed rough wood to sell the stains in any volume. But, I'd say 60% to 65% of the housing starts in our markets over the last five years have had rough wood on the exterior, and they are on their first or second cycle to be restained."

T.G. & Y. expanded its brand national line of exterior stains this year, and reportedly plans to add six sku's of private-label stain next year.

Consumer reaction outside the Sunbelt may be less marked, however. At Gee Bee, a buyer reported: "We are looking for a lot of growth from stains, too. We put Olympic in three of our stores this season as a test, and are promoting it heavily to give it some exposure."

Gee Bee is running eight colors in a semitransparent stain, but results of the test so far have been mixed.

(Continued on page 29)

Ole´! Wal-Mart, Futurama to Open 1st Store in Mexico

By Christine Haggerty

BENTONVILLE, Ark.—Wal-Mart and Futurama, a Mexican chain of food and general merchandise combo stores, will open their first store in two or three months under a newly formed partnership, Sam Walton, chairman, announced at Wal-Mart's annual shareholders' meeting here.

Wal-Mart will help finance the Mexican chain's future expansion and will act as consultant on store design, merchandising and management skills, in exchange for a 49% ownership, Jack Shewmaker, Wal-Mart's president and chief operating officer, explained later. Shewmaker and Rob Walton, senior vice president, secretary and general counsel, will serve on Futurama's board of directors. The first store, which will bear the Futurama name, will be located in Juarez; two other border-town stores are planned for 1982.

Wal-Mart's plans for its own store and distribution center capacity are forging ahead: Fourteen of the 60 store openings slated for 1981 have taken place; another approximately 25 older stores are due to be remodeled, expanded or relocated, and the Bentonville and Searcy, Ark., distribution centers are currently being enlarged by 202,000 sq. ft. and 142,000 sq. ft., respectively.

Overall, the chain will grow to 400 units by 1985—and it has put into place a systematic program for remodeling units five years or older into the format

(Continued on page 29)

Sam Walton, Wal-Mart's chairman and founder, opened up the annual shareholders' meeting by outlining the chain's achievements over the latest fiscal year. *(DSN photo)*

$1-Million-Item Contest Is Under Way

BENTONVILLE, Ark.—Wal-Mart shareholders were treated to a glimpse of the Million Dollar Item contest at this year's annual meeting.

Each of the chain's regional vice presidents and Sam Walton, chairman, Jack Shewmaker, president, and David Glass, executive vice president, chose one item or area which they feel can exceed the $1 million sales level this year.

Shewmaker's choice was Wrangler jeans, which got a promotional shot in the arm during the second week of June, when the chain initiated its Western Day Sale.

The promotion corraled Wal-Mart's entire selection of brand-name western wear, including belts, boots and hats—an apparel program that chain executives believe will exceed $82 million in sales in 1981. Retails dropped 25% on the average on men's, women's, boys', juniors and misses Wrangler jeans, and Ely-Walker and Champion western-look shirts. These items were given top billing on promotional tables running through Action Alley—the aisle which travels from the store entrance to the back.

Western shirts and jeans (10 items) were featured in chain-wide TV ads, as well as in the week's ROP ads. Thirty-five stores held rodeo events, square dancing, and country-western music bands played in the parking lots.

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Hartfield-Zodys Adopts Plan to Restructure

BEVERLY HILLS, Calif.—Plans for the restructuring of Hartfield-Zodys under the umbrella of a new holding company called HRT Industries Inc., and the possible sell-off of the Hartfields junior apparel store chain were detailed at a shareholders' meeting here.

The reorganization, expected to be completed by late summer or early fall, is contingent upon positive rulings from the Internal Revenue Service and other Federal/state regulatory bodies, Edward D. Solomon, chairman president and ceo told shareholders who then voted to approve the plan.

The restructuring will provide greater organizational and operational flexibility, he said, and will allow the retail/manufacturing concern to "more accurately allocate corporate costs to its various divisions." Such a restructuring will also make future acquisitions easier to accomplish or aid in the disposition of any of its present divisions.

While the company is not currently involved in any acquisition talks, Solomon said that it is considering selling off its 74-unit Hartfields division. No negotiations for such a sale were taking place at presstime, but future expansion plans for Hartfields, a junior women's and children's apparel chain, have been curtailed.

(Hartfields, however, not unlike other junior women's apparel stores, has been hard hit by the depressed economy. Barkers took a similar hard look at its apparel division and sold off its Petrie stores operation earlier this year. Over the last 18 months, sales and contribution to Hartfield-Zodys' corporate profits have eroded, with sales rising only 5.5% to $35.7 million in fiscal 1981.)

Under the restructuring, Hartfield-Zodys stockholders will become the owners of HRT Industries and common stock will be converted on a share-for-share basis into common stock of the new holding company.

According to the proxy statement, "the board of directors has concluded that the rearrangement of the corporate structure into a parent holding company owning various subsidiaries, directly and indirectly, will conform the corporate structure of the company to the desired allocation of management responsibility, thereby facilitating more effective management and administration."

Initially, the only direct subsidiary of HRT Industries will be Hartfield-Zodys Inc., which will continue to operate Hartfields and Zodys. The company's existing subsidiaries: Karl's Shoe Stores Ltd., including Shoe Stop (self-selection shoe stores) and Karl's (family shoe outlets), and Jody-Tootique, its women's apparel manufacturing arm, will become indirect subsidiaries of HRT Industries.

The reorganization will be effected through a three-party or "triangular" merger involving Hartfield-Zodys Inc., and two newly formed wholly owned subsidiaries, all of which are Delaware corporations.

In addition to forming HRT Industries, the company also created H-Z Subsidiary Inc., a wholly owned subsidiary of HRT Industries, solely for the purpose of implementing the reorganization. H-Z Subsidiary Inc. will disappear as part of the reorganization when it merges into Hartfield-Zodys Inc. At presstime, neither HRT Industries or H-Z Subsidiary had any business or properties of its

(Continued on page 34)

Is Zodys Dealing For Gold Circles?

LOS ANGELES—In the wake of the closing of Gold Circle's seven California stores, reports that Zodys, the discount department store division of Hartfield-Zodys, is negotiating for all the locations have gained momentum.

While Zodys officials would not confirm or deny that talks were taking place, the move would be a logical next step for the discounter. Last October, Zodys expanded its northern market perimeter by opening a 60,000-sq.-ft. unit in Stockton, its first entry into northern California, just 50 miles south of Sacramento, where three Gold Circle stores were closed.

KKR Ups Fred Meyer Takeover Ante

PORTLAND, Ore.—In a third attempt to effect a leveraged buyout of Fred Meyer Inc., Kohlberg, Kravis & Roberts (KKR), a New York-based investment firm, boosted its takeover offer $10 to $55 per share, at presstime.

The bid for 7.3 million shares could total as much as $401.5 million, if the deal excluded the financially troubled Fred Meyer Savings & Loan operation, which was reportedly sold for $24 million but is still pending Federal and state approval. If the savings and loan operation is part of the transaction, KKR's offer would drop to $53 per share.

The newest bid, which follows two separate—and rebuffed—leveraged buyout offers of $45 per share, comes on the heels of Meyer's own board of directors' agreement in principle to acquire about two million shares from the estate of the late Fred G. Meyer for approximately $90 million ($45 per share) in cash and a note. The estate, still in probate, owns 28% of the stock, the largest single block of outstanding shares.

The board will vote on the KKR offer at a future meeting. No date for that meeting had been set at presstime.

Prior to the KKR offer, the Pacific Northwest retailer's board had assured shareholders that the stock buyup would aid the company's growth and would be in the shareholders' best interest. Industry observers also pointed out that such a move might also squash any further takeover attempts.

Now with KKR's renewed interest, at a much more favorable price per share, Meyer's board will really have to pull something out of a hat to justify passing up the $55 per-share offer, in the view of Jeffrey Atkin, a security analyst with Piper, Jaffray & Hopwood, Seattle. In recent weeks, Fred Meyer's stock has been trading for around $38 a share.

While the board was being outbid by KKR, the ongoing infighting at the chain between the four estate trustees—

(Continued on page 31)

Two Guys Shutters Its Last 7 Supermarkets

GARFIELD, N.J.—Two Guys has shut its last seven supermarket departments, marking the second time that the discounter has closed down its unprofitable food operation.

The closing at presstime came about two months after the shutting of four other food departments; the 11 units were all that remained from the discounter's second go-round in supermarketing.

The food sections played a very minor part in Two Guys' continued losses from its operations.

The discounter in the first quarter ended May 2 had a net loss of $7,662,000 as compared with a net loss of $3,783,000 in the same period in 1980.

The 1980 net loss, however, came after Two Guys received a $3.9 million tax benefit so that the pretax loss for the quarter was $7,683,000.

Two Guys' sales in the 1981 quarter, including leased departments, were $121,937,000, down 1.9% from $124,322,000. Company-owned sales of $116,193,000 were down 2.5% from $119,224,000 in the period last year.

Two Guys had closed down all its supermarkets about a half dozen years ago because they were unprofitable, only to reopen about two dozen units as a traffic draw.

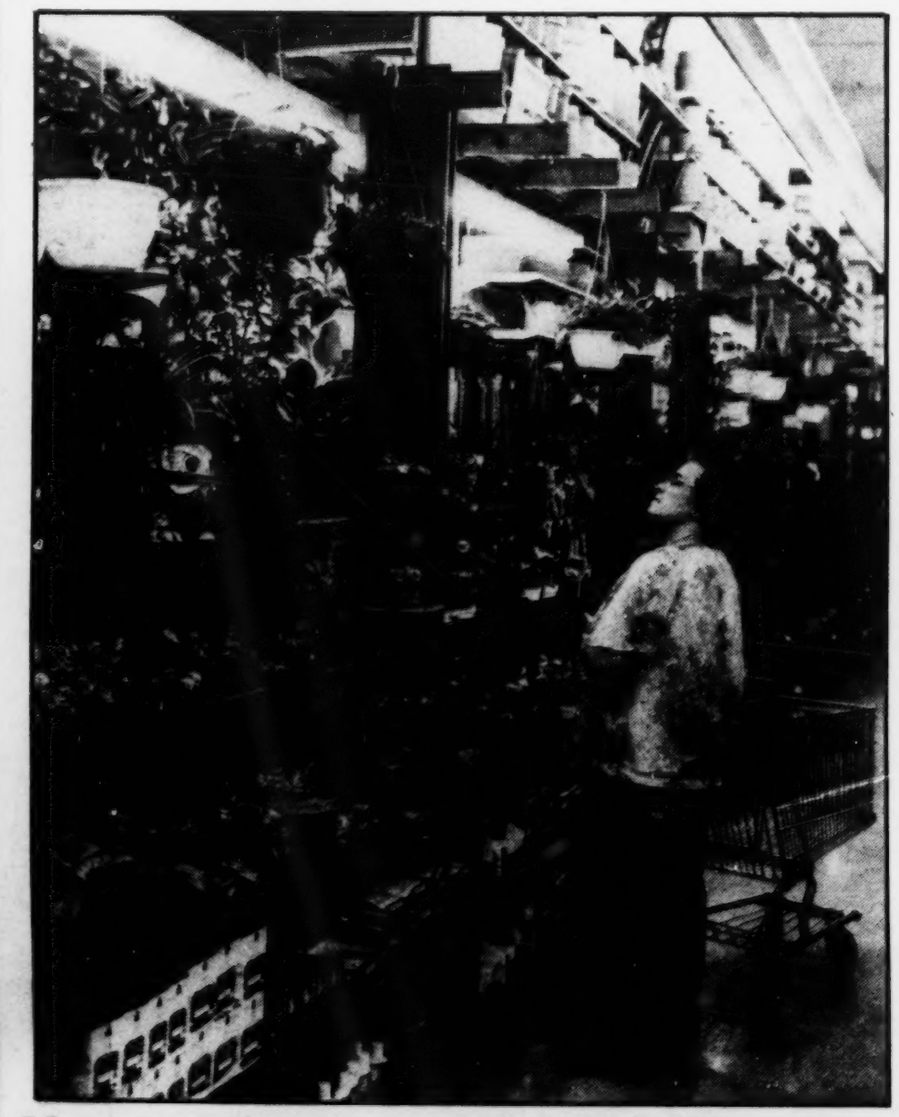
An executive said that this idea wasn't attractive in the current economy with high interest rates and the greater competition for supermarket sales from such food chains as Pathmark and Grand Union.

No decision has been made on use of the store footage used by the supermarkets.

The space freed by past supermarket closings has been used to expand Two Guys' general merchandise footage or has been leased out, in some cases to other supermarkets.

The last seven supermarkets were in Two Guys in Kearny, Woodbridge, Union, Totowa and Jersey City, N.J., and Allentown and Bethlehem, Pa.

Spotlight on: Garden Boutique



Margins Bloom in Wal-Mart Greenery

In its Rogers, Ark., store, Wal-Mart creates a high-gross-margin garden boutique with a wooden modular frame that displays potted plants in a terrace effect and mass displays garden accessories on shelves underneath. *(DSN photo)*

Raylass to Close 5 of 11 RDR Stores

NEW YORK—Raylass will close five of its 11 RDR Discount City Stores in favor of an expansion program for its junior department store chain.

The company, whose combined sales for the fiscal year ended in January 1981 totaled $10 million, is shuttering the five RDR units because they are unprofitable, according to Fred Raiff, president.

Sales for the current fiscal year—which will include expected volume from two Raylass junior department stores scheduled to open in October—are being projected at $5 million. But, Raiff anticipates the shift in retail emphasis will improve bottom-line results by approximately 20% a year.

The Rayless stores specialize in highly promotional, low-end, soft line mixes for an ethnic audience. The move away from discounting will allow the company to concentrate on what it does best, according to Raiff.

The company will use the $800,000 expected from the liquidation of goods to open two stores in downtown Southeast locations later this year. Plans also call for four Rayless stores to open next year and six more in 1983.

The RDR closings—in Waynesboro, Ga., Simpsonville, S.C., and three in the Asheville, N.C., market (Fletcher, Swannanoa and Leicester)—were scheduled to begin at presstime and to be completed by the end of July. Two discounters are currently negotiating with Raylass for those leases, Raiff said.

RDR's were troublesome because of their shopping center or strip locations, their size (more than twice that of 12,000-sq.-ft. Raylass units), and expensive hard lines inventory.

By emphasizing junior department stores with a 90% soft lines and 10% promotional hard lines mix, the average margin is boosted to the 40% area.

In This Issue...

WAX UP. A scarcity of April showers meant strong sales performances from automobile waxes and polishes, according to this issue's PMA. P. 26.

EXTRA STRENGTH. Discounters are beefing up H&BA sales by imitating drug and health food stores' vitamin assortments. They are broadening their mixes to include more profitable natural and private label offerings in addition to name brand selections. P. 11.

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TV Ads

(Continued from page 1)

In St. Louis and Dallas, TV commercials were tested for a year before a full go-ahead was given.

Dayton Hudson, whose Target discount division accounts for 38% of sales, spent $11.5 million on local TV advertising, 77% more than it did in 1979. Most of the greatest local market increases went to support new Target store openings. In Denver, Target TV expenditures jumped 211% over 1979 to $840,700, and in Dallas, 64% to $831,700. (In Minneapolis, increased TV expenditures were the result of a local newspaper strike, according to a company spokesman.)

Also consistent with 1980's sales patterns were TV advertising budgets for the Big Three—Sears, Ward and Penney.

A T.G. & Y. spokesman said that TV is playing a crucial role in the chain's repositioning of itself as a source for fashion ready-to-wear this year.

The chain currently devotes 10% of its advertising budget to buying TV time in 58 markets—23 of which were added this year—and will hold to that course in 1982. "We shifted from radio to TV in those 23 markets," he said, explaining how the chain was able to hold its TV expenditures in line with last year's broadcast outlay.

This broadcast schedule "covers roughly 90% of the discount stores in the chain, and roughly 85% of the chain's 1,000-plus units," he said, adding that the chain does no television advertising in California where it operates approximately 100 variety stores.

TV expenditures by F. W. Woolworth, Two Guys and FedMart paralleled sales developments at those chains as well.

According to a Woolworth official, TVB's United States Woolworth/Woolco figures are off. The correct expenditure figure for 1979 was $5,076,000 and for 1980 was $4,389,000. The cutback represents both the chain's withdrawal from some markets and a general reduction in television advertising expenditures. Earlier this year the chain announced a systematic evaluation of all operations and the closing of up to 30 stores, including perhaps seven stores in the Chicago market.

In Los Angeles—where it spent the largest portion of its television advertising budget—FedMart cut its expenditures by more than 50% of just over $1.5 million, buying 8,187 spots as compared to 11,7773 in 1979, according to a BAR spokesman.

At Two Guys, which lost $5.7 million on sales of $165.5 million in its last fiscal year (and another $7.7 million net loss the first quarter of this year) TV expenses were cut roughly 45%. A spokesman at the chain, however, said the cutback resulted from a January to July moratorium on advertising called by the new management team installed last year. This year, he promised, TV expenses—roughly 2.6% of the chain's ad budget—would rival 1979 levels.

The new campaign goes after reach rather than frequency, the spokesman said, with commercials now breaking on the Thursday night six o'clock news in preparation for Friday and Saturday newspaper ads.

The biggest single market gain in 1980 was in Los Angeles with The Akron increasing its TV expenditures by a whopping 312%.

A new president at the Thrifty Drug-owned hard lines discount chain made the difference, according to a company spokesman.

"We had done very little TV advertising before," he said, "and he saw this as a very good market for the cost effectiveness of broadcast media to pay off." TV advertising expenses will remain at this level for the current fiscal year, he said, although the chain's overall ad budget will be reduced "closer to the industry's average of 2.5% to 3.0% of sales."

Zayre's Dixon Goes To Jefferson/Ward

MIAMI—Edward Dixon, vice president and Midwest zone manager for Zayre has joined the growing list of discounters joining Jefferson/Ward. Dixon will fill the newly created position of senior vice president, store operations.

The position was created to oversee the chain's "tremendous expansion" on the East Coast, a Jefferson/Ward spokesman said.

An 11-year Zayre veteran, Dixon will report to chain president David Kenney. Reporting to Dixon will be the chain's North and South zone managers.

Sears' Volume Is Up 12.7% in May

CHICAGO—Sears reported sales for the four weeks ended May 30 up 12.7% to $1,442,788,712 vs. $1,280,207,868 in the same period of 1980.

For the 17 weeks ended May 30, sales were $5,793,920,991, an increase of 13.3% over last year's $5,113,533,047.

Hartfield-Zodys

(Continued from page 2)

own other than a nominal initial capitalization.

Hartfield-Zodys also announced the sale of its 20% interest in Three-D Department Stores. The stock in the company—which leases domestics section space in department and discount stores—was purchased for $300,000 three years ago and was sold last month for $1.75 million.

In light of the disappointing corporate earnings of $2.9 million on sales of $361 million for fiscal 1981, Solomon reported the company has tightened expense control, restructured corporate officer responsibilities to allow certain officers to devote more time in specialized areas, and taken steps to reduce inventory shrinkage.

In the Zodys division, the security staff was restructured and an employee incentive program established to reward employees with a share of the total savings of recovered merchandise. In addition, departments like jewelry and records are being redesigned with added security controls—railings and turnstyles—to reduce theft in those stores with exceptionally high shrinkage.

While sales for May exceeded H-Z projections by increasing 20%, first-quarter gains were more modest—up 11% to $84.7 million. Owner-operated sales for the retail division were up 15% to $76.3 million.

Net income for the quarter was down 70.2% to $209,000 from $703,000 a year ago.

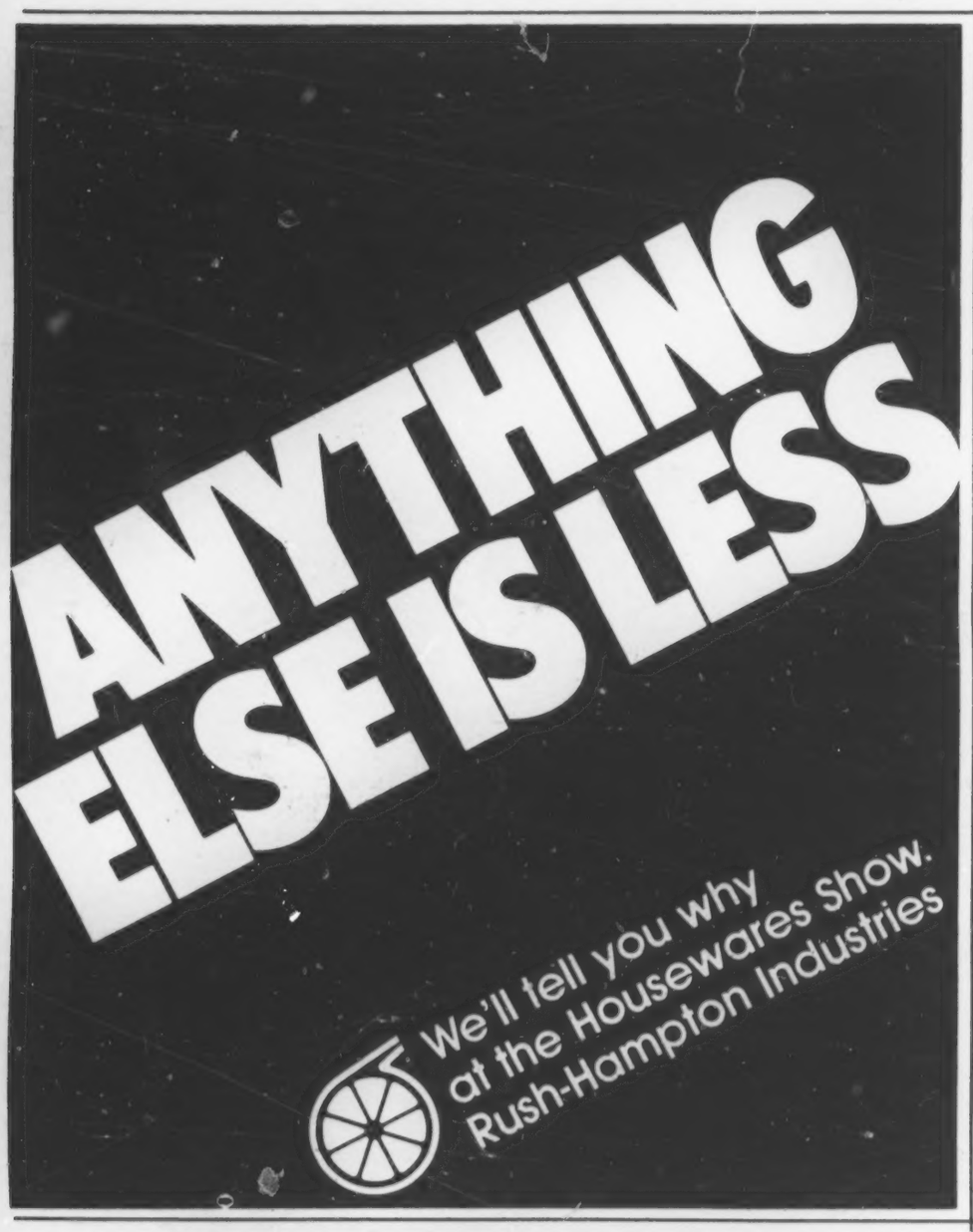
The decline in income was attributed to a drop in income from Jody-Tootique, plus higher interest expense for the retail operations.

HEALTH & BEAUTY AIDS

H&BA figures for the first quarter of 1981, supplied by Boston Distributors, division of Cook United, Maple Heights, Ohio, cover 540 stores, including 380 discount department stores, in 18 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

Prev. $ Rank	Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
SANITARY NAPKINS & TAMPONS					
3	1	Stayfree Maxipads 30's	17,232	3.38	58,159
7	2	Stayfree Super Maxipads 30's	15,792	3.35	52,855
1	3	Tampax Super 40's	18,528	2.67	49,428
2	4	Tampax Slender Regular 40's	14,544	2.67	38,750
—	5	Stayfree Deodorant Maxipads 30's	10,284	3.30	33,945
6	6	New Freedom Maxipads 30's	9,576	3.24	31,025
—	7	Sure & Natural Maxi Shields 30's	7,272	3.74	27,186
11	8	Stayfree Maxipads 12's	15,360	1.58	24,220
—	9	Stayfree Minipads 30's	8,772	2.61	22,878
4	10	Tampax Super Plus 40's	8,046	2.65	21,346
13	11	Stayfree Maxipads 48's	3,606	5.70	20,571
9	12	Modess Super 40's	4,134	4.69	19,405
12	13	Kotex Maxipads #190 30's	5,448	3.28	17,845
10	14	Playtex Deodorant Tampon Super 26's	6,324	2.79	17,664
—	15	Stayfree Super Maxipads 48's	2,970	5.69	16,908
TRIAL SIZES					
—	1	Aqua Net Trial Size 2.5 oz	36,000	0.49	17,560
—	2	Final Net Hair Spray Trial 2 oz	27,120	0.44	11,881
—	3	Babe Splash Clgn Trial Size 1.25 oz	24,288	0.46	11,270
—	4	Faberge Liquid Soap Trial Size 2 oz	38,592	0.26	10,013
—	5	Pepsodent Toothpaste Trial 1.4 oz	24,720	0.40	9,796
—	6	Faberge Organic Shampoo Trial 2 oz	37,728	0.26	9,691
—	7	Baby Fresh Take Along Trial 12's	14,184	0.57	8,119
—	8	Dietac Maximum Strength Trial 7 Count	8,100	0.94	7,630
—	9	Yardley Liquid Soap Trial PP 2 oz	24,048	0.29	7,065
—	10	Enhance Condition Trial PP 2 oz	26,064	0.25	6,595
—	11	Ultra Ban Roll On Trial Size PP 1 oz	16,560	0.39	6,438
—	12	Clairol Condition Ftn Kt PP Trial 6801	29,088	0.22	6,335
—	13	Pacquin Hand Cream Trial 1.2 oz	16,272	0.38	6,249
—	14	Jean Nate Trial Asst. 21023	12,240	0.47	5,710
—	15	Miss Breck Pump Trial PP 2 oz	10,008	0.51	5,094

Prev. $ Rank	Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
CREME RINSES & CONDITIONERS					
4	1	Flex Balsam with Body 16 oz	22,812	1.80	41,161
6	2	Flex Balsam Regular 16 oz	16,860	1.80	30,383
1	3	Silkience Conditioner Extra Body 15 oz	6,618	2.35	15,549
—	4	Enhance Instant Cond Regular 16 oz	6,204	2.47	15,331
—	5	Enhance Instant Conditioner Dry 16 oz	5,772	2.48	14,333
12	6	VO-5 Hot Oil Treatment 4 Pack HOT-4	4,002	3.40	13,610
—	7	Flex Conditioner Oily 16 oz	7,422	1.80	13,348
16	8	Agree Creme Rinse with Body 12 oz	6,072	1.95	11,843
2	9	Vidal Sassoon Finshng Rns 8 oz G60	4,704	2.18	10,224
7	10	Clairol Condition Jar 4 oz	3,030	3.35	10,156
10	11	Tame Condition Cln Rns Ex Bd 16 oz	4,560	2.21	10,093
—	12	Enhance Instant Conditioner Oily 16 oz	3,942	2.43	9,563
15	13	Cond II Cream ExtraPro Form 16 oz	4,530	1.95	8,820
8	14	Wella Balsam with Body 16 oz	4,884	1.79	8,754
17	15	Agree Creme Rinse Regular 12 oz	4,440	1.94	8,634
SHAMPOO					
8	1	Flex Shampoo Normal 16 oz	26,760	1.77	47,440
—	2	Flex Shampoo Extra Body 16 oz	9,762	3.15	30,746
—	3	Head & Shoulders Condition Ltn 11 oz	11,534	2.66	30,679
11	4	Flex Shampoo Oily 16 oz	17,016	1.77	30,163
18	5	Selsun Blue Lotion Nrml Bns 9.5 oz	7,776	3.14	24,425
1	6	Head & Shoulders Lotion 15 oz	6,024	3.66	22,071
—	7	Silkience Shampoo Extra Body 15 oz	8,364	2.61	21,829
21	8	Flex Shampoo Dry & Damaged 16 oz	11,112	1.78	19,741
15	9	Prell Shampoo 11 oz	9,528	2.01	19,111
2	10	Vidal Sassoon Shampoo 8 oz G30	8,124	2.17	17,664
—	11	Head & Shoulders Cndtn Ltn 15 oz	4,518	3.72	16,823
—	12	Head & Shoulders Lotion 11 oz	10,092	1.59	16,088
7	13	Silkience Shampoo Regular 15 oz	5,556	2.63	14,599
3	14	Agree Shampoo Regular 12 oz	5,652	2.29	12,951
17	15	Clairol Cndtn Shmp Normal 16 oz	6,336	1.95	12,386



Prev. $ Rank	Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
ETHNIC PRODUCTS					
1	1	Dark N Luvly Relaxer Kit	11,336	3.79	42,995
3	2	T C B Hair & Scalp Conditioner 8 oz	8,289	2.29	18,984
—	3	Sta Sof Fro Spray Extra Dry 16 oz	5,349	2.79	14,935
9	4	Sta Sof Fro Spray Extra Dry 8 oz	8,198	1.73	14,150
—	5	Pro Line Curly Kit 00055	2,738	4.78	13,083
—	6	Sta Sof Fro Curl Activator 8 oz	4,970	1.96	9,749
12	7	Sta Sof Fro 16 oz	3,154	2.78	8,776
14	8	Sta Sof Fro Spray Regular 8 oz	4,733	1.76	8,331
—	9	T C B Hair Food 8 oz	3,013	2.67	8,051
—	10	T C B Easy Curl Kit Regular Kit	975	7.92	7,726
—	11	T C B Oil Sheen 13 oz	3,338	2.10	7,020
2	12	Revlon Relaxer Kit Regular	1,390	4.59	6,381
—	13	T C B Easy Curl Activator 6 oz	2,431	2.46	5,973
—	14	Sta Sof Fro Style Kit 16 oz	1,539	3.63	5,588
5	15	Ultra Sheen Condition 8 oz	1,885	2.78	5,238
DEODORANT					
2	1	Right Guard Deodorant 10 oz	15,964	2.23	35,625
6	2	Mennen Speed Stick Regular 2.5 oz	15,234	1.60	24,375
—	3	Ban Roll On Regular 2.5 oz	8,418	2.05	17,254
7	4	Ban Roll On Deodorant Regular 1.5 oz	11,448	1.40	16,073
1	5	Sure Deodorant Regular 6 oz	6,030	2.61	15,750
—	6	Secret Solid Antiperspirant Reg 2 oz	7,852	1.88	14,750
12	7	Brut 33 Deodorant Stick 2.5 oz	14,100	1.01	14,171
9	8	Dry Idea Roll On Regular 2.5 oz	4,884	2.77	13,508
16	9	Sure Solid Antiperspirant Unscntd 2 oz	6,288	2.09	13,115
5	10	Old Spice Stick Deodorant Reg 2.5 oz	10,068	1.24	12,449
18	11	Mitchum Roll On 1.5 oz	5,706	2.11	12,038
15	12	Sure Solid Antiperspirant Regular 2 oz	5,376	2.09	11,243
14	13	Mennen Speed Stick Spice 2.5 oz	7,560	1.48	11,181
—	14	Old Spice Stick Deodorant 3.75 oz	5,130	2.16	11,093
10	15	Dry Idea Roll On Unscented 2.5 oz	3,816	2.77	10,561

(Continued on page 16)

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PMA®
PRODUCT MOVEMENT AUDIT

Professional Beauty Items Rate Section

By M. Raymond Prendergast
President,
Boston Distributors

As operating expenses continue to climb faster than sales growth, the mass volume retailer is hard put to find new means of achieving greater gross margin dollars. One of the most viable avenues toward this end is to be found in the expansion of high-margin growth categories, and capitalization on potential new items and new categories such as diet products, vitamins, eye care, trial sizes and liquid soaps, which were ripe for expansion and which have proven to be significant margin contributors.

Professional beauty products, when merchandised as a separate department adjacent to hair care sections, promise to do equally as well as the aforementioned categories. These products offer the opportunity to increase the sales of the H&BA department at an attractive gross margin of 30%-40%. The retailers' image to the consumer will be enhanced as he will be offering a broad assortment of specialized products at a far lower retail than at the salon.

While the majority of these items do not receive manufacturers' advertising support, they are widely recognized by a significant portion of the population for their efficacy. Some treatment lines such as Sassoon, Jhirmack, and most recently Gheri Redding, have gone public and are doing extremely well.

The successful launch of the professional department requires a minimum of 4 ft. of gondola space, point-of-sale merchandising, print ads and end-cap or register tip placement.

Professional beauty products have not as yet detracted from the sales of traditional shampoos and conditioners, as orders for both categories were up more than 20% in the first quarter of 1981, as compared to the same period last year. As expected, Enhance enjoyed a successful introduction, placing all three scents of the 16-oz. size on the PMA. Revlon's Flex, supported by lucrative trade allowance and consumer rebates, led the PMA. Silkience and Sassoon, although continuing to show strong sales, yielded their No. 1 and 2 spots, respectively, to Flex, which also led the shampoo ranking. Extra body Flex, a new line extension this year, is positioned in the No. 2 spot. Head & Shoulders achieved four slots on the PMA, and Selsun Blue, backed by heavy TV advertising, rose to the No. 5 spot.

Ethnic hair products, led again by Dark N Luvly relaxer kits, continued to grow by leaps

(Continued on page 16)

HEALTH & BEAUTY AIDS

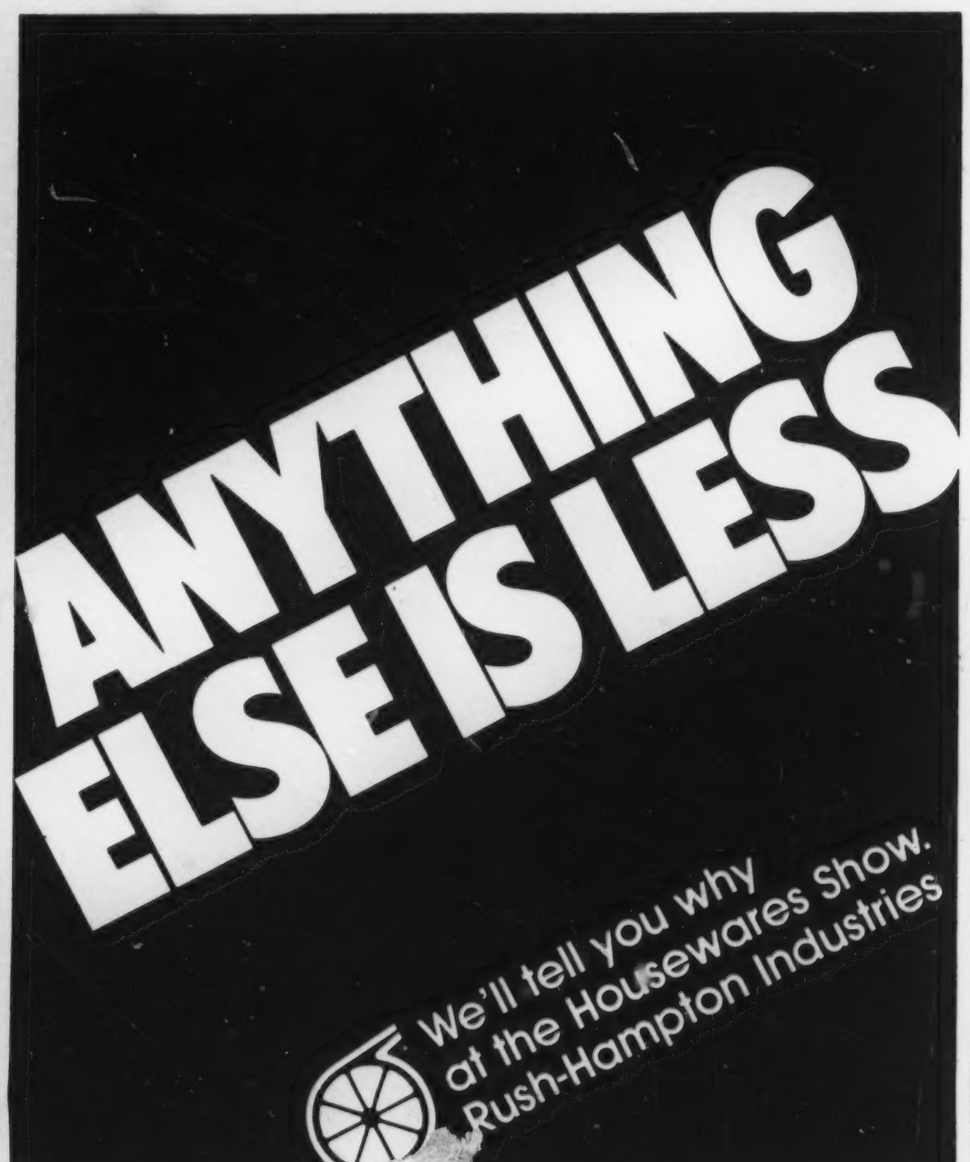
(Continued from page 14)

TOOTHPASTE

Prev. $ Rank	Curr. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
5	1	Crest Regular Toothpaste 6.4 oz	39,552	1.63	64,541
8	2	Crest Mint Toothpaste 6.4 oz	37,536	1.63	61,214
1	3	Crest Regular Toothpaste 8.2 oz	24,264	1.99	48,271
2	4	Crest Mint Toothpaste 8.2 oz	20,232	2.00	40,513
6	5	Colgate Dental Cream Family 7 oz	15,528	1.71	26,526
15	6	Colgate Dental Cream 5 oz	22,920	1.09	24,913
11	7	Aqua Fresh Toothpaste 6.4 oz	12,516	1.73	21,619
—	8	Pepsodent Toothpaste Super 8.3 oz	17,496	1.23	21,569
12	9	Ultra Bright Reg Tthpst Family 6 oz	11,592	1.82	21,093
9	10	Sensodyne Toothpaste Economy 4 oz	8,976	1.99	17,880
—	11	Aqua Fresh Toothpaste 4.6 oz	14,472	1.22	17,611
13	12	Aim Toothpaste 6.4 oz	10,092	1.68	17,004
7	13	Colgate Dental Cream 9 oz	10,200	1.64	16,698
14	14	Topol Toothpaste 3 oz	5,412	2.81	15,208
10	15	Close Up Regular Toothpaste 6.4 oz	7,308	1.77	12,959

EYE & EAR PREPARATIONS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Barnes Hind Wetting Solution 2 oz	5,748	2.47	14,209
8	2	Bausch & Lomb Saline Solution 8 oz	6,456	1.83	11,790
—	3	Bausch & Lomb Dsnfctng Sltn 12 oz	3,222	2.95	9,518
—	4	Bausch & Lomb Saline Solution 12 oz	3,990	2.33	9,299
3	5	Visine Eye Drops Plastic #308 30CC	4,002	2.32	9,275
2	6	Visine Eye Drops Plastic #803 15CC	5,490	1.50	8,251
5	7	Soflens Cleaning Tabs 24's	1,530	5.31	8,125
13	8	Bausch & Lomb Daily Cleaner 1.5 oz	3,030	2.40	7,280
10	9	Liquifilm Wetting Solution 60CC	2,112	2.55	5,390
7	10	Barnes Hind Soquette Skng Sltn 4 oz	2,118	2.50	5,289
6	11	Barnes Hind Titan 2 oz	1,356	3.62	4,908
12	12	Murine Plus 0.5 oz	3,180	1.38	4,400
—	13	Preflex 1.5 oz	1,776	2.32	4,109
9	14	Barnes Hind Clean and Soak 4 oz	1,614	2.32	3,759
—	15	Bausch & Lomb Lens Carrying Case	846	4.51	3,814



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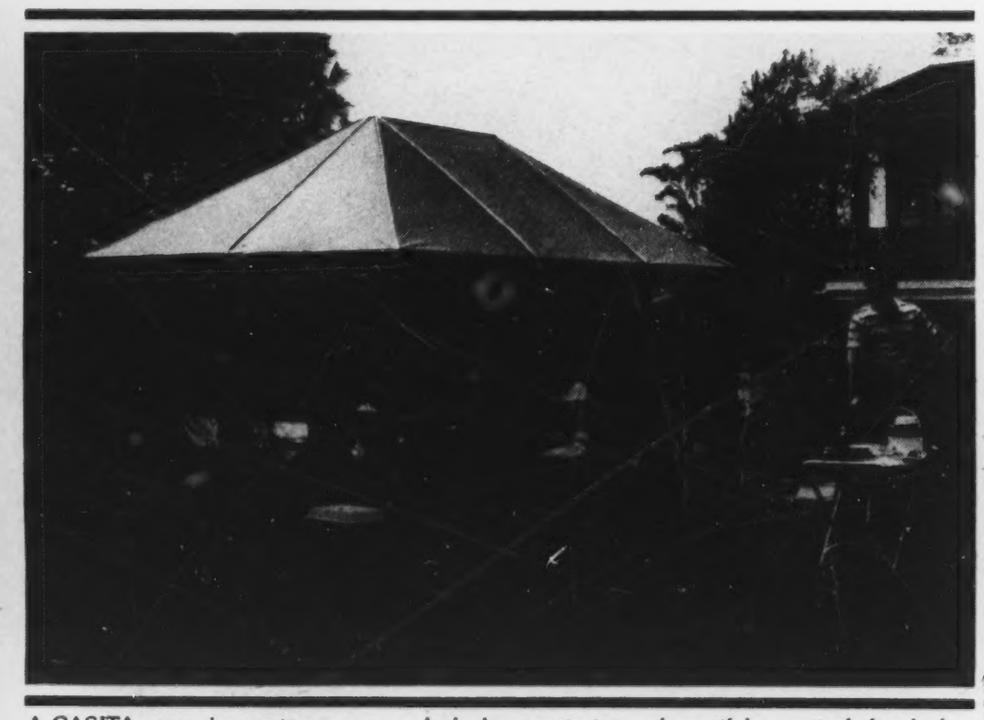

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How the Top 48 Fared

(First-quarter Comparative Dollar Sales)

A new DSN feature from Boston Distributors compares the firm's H&BA sales for the first quarter of 1981 to the first quarter of 1980, covering 48 categories.

Rank	Product Category	% $ Sales Change
1	Shampoo	+20
2	Deodorant	+15
3	Analgesics	0
4	Sanitary Napkins	+ 9
5	Toothpaste	+12
6	Pegged Make-up	- 4
7	Cold Products	0
8	Lotions & Moisturizers	- 5
9	Suntan	- 3
10	Diapers	- 7
11	Hair Spray	+16
12	Creme Rinses & Conditioners	+21
13	Hair Color	- 6
14	Baby Products	- 8
15	Blades & Razors	- 7
16	Antacids and related products	-10
17	Mouthwash	- 1
18	Ethnic Hair Products	+29
19	Trial Sizes	+19
20	Denture Products	+17
21	Bar Soap	+17
22	Vitamins	+ 3
23	Private Label Vitamins	- 7
24	Hair Care	+ 8
25	Diet Products	-17
26	Feminine Hygiene	+12
27	Curlers and Perms	- 5
28	Eye Products	+36
29	Foot Care	+30
30	Laxatives	+ 5
31	Vitamins—Rexall	-11
32	Shave Creams	+15
33	Medicated Skin Care	-18
34	Mens Fragrance	-17
35	Mens Hair Products	- 6
36	First Aid Bandages	-11
37	Toothbrushes	+14
38	Talcs and Oils	0
39	First Aid Antiseptics	+ 8
40	Fragrance	-15
41	Rectal Aids	+10
42	Fragrance Promotions	- 2
43	Contraceptives	-28
44	Professional Beauty Products	0
45	Cosmetic Accessories	-27
46	Private Label Shampoo	+26
47	Implements	-10
48	Liquid Soaps	0

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PMA® PRODUCT MOVEMENT AUDIT

Professional Beauty Items

(Continued from page 14)

and bounds, displaying a 29% increase over last year's incredible growth. T.C.B., with five entries on the PMA, and Sta Sof, with six, continued to be the strongest brands in this important category.

Liquid soaps, which are proving to be an exceptional promotional category, were again led by Minnetonka's Soft Soap. New introductions in this area are presented almost weekly. The fact that many of these products will be supported by substantial network TV advertising promises strong growth for retailers who devote adequate space and who promote the brands on endcaps, register tips or in print advertising.

Eye Care Looking Up

Another category which has warranted expanded footage and which is responding surprisingly well to promotions is the eye care department. Although still led by Barnes Hind's Wetting Solution, this market's big promotional winner is Bausch and Lomb's Saline Solution in the 8-oz. size. The growth of the soft lens segment due to technological advancements and lower retail prices is sure to continue supporting sales of the plethora of ancillary products.

Upswing Noted

Deodorants, our No. 2 category in the first quarter, experienced a 15% increase over 1980 numbers. Right Guard aerosol took the No. 1 slot from Sure (6 oz.), and Mennen's Speed Stick took the No. 2 position, while Ban Roll-On rose to the No. 3 and 4 spots. The most significant growth in the category came from the solid segment. With several manufacturers introducing solids this year, Procter & Gamble took top honors by placing one sku of Secret Solid and two put-ups of Sure Solid on this PMA.

P&G also did well on the toothpaste PMA by capturing the top four slots by a wide margin. Crest's new formulation and lucrative promotional allowances appear to be taking back the share points eroded since the Aqua Fresh introduction.

The Big Winner

The big winner in the first quarter on the feminine hygiene PMA was the Stayfree Maxipad brand from Personal Products. It garnered the top two spots from Tampax, which suffered from the aftershock of the health care scare prompted by the Rely recall. Personal Products also placed its new deodorant formulation of Maxipads in the No. 5 spot, and its Sure and Natural Shield was No. 7.

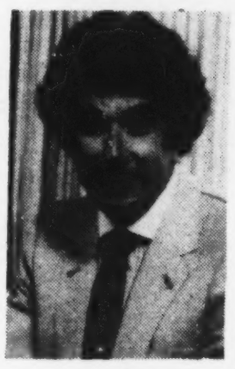
Trial sizes, refusing to slow down, topped 1980 numbers by 19% in the first quarter. Retailers giving this category gondola space in addition to endcap and/or register tip placement will reap the benefits of increased sales and margin dollars which are so important in today's environment.

PRODUCT MOVEMENT AUDIT

Auto Orders Rise 15% In Mild April

By Herbert Rechter
President
Allied Accessories and Auto Parts Co.

An earlier-than-usual spring and a move by discounters to restore inventories that dwindled during the winter helped boost April automotive volume 15% as compared to the same period a year ago. April was the most recent month for which complete figures were available.



The mild April weather in particular led to strong wax and polish sales. This put Turtle Hard Shell paste (14 oz.) and DuPont Rain Dance paste (14 oz.) into the top 10 PMA items. The polysealants did well during the month, but have a way to go before they replace traditional waxes and polishes. Hard Shell and Rain Dance had a combined unit movement of 15,963 compared to a total of 4,086 for Blue Poly Liquid and paste.

Heading the list this April was a 2-ton hydraulic floor jack which carried an average retail of $69.99. During the month, 1,171 jacks were sold, compared to 894 for the same period last year. This and other figures on the PMA show that the do-it-yourself market continues to grow stronger. Other evidence:

Mufflers have become a strong seller—although they haven't yet made it into the top 50 item rankings—with approximately 4,300 units sold during the month at an average retail price of $15.99.

Oil and air filters, sealed beams and body fillers also sold well during the period, but Snowhite Lite 'N' Easy slipped from third place into fifth with 2,952 pieces sold compared to 4,356 a year ago.

Spark plugs and tune-up kits continued to drop on the charts—the former due to the greater number of four- and six-cylinder cars on the road, and the latter from technological obsolescence. Increased sales of wire sets offset some of that slippage.

Despite rumblings that discounters were going to stop giving away motor oil this year, spring promotions boosted Valvoline and Quaker State (10W40) into the top 10—in fourth and eighth places with 33,695 and 27,623 cans sold, respectively. Last year, Valvoline was in 14th place and Quaker State 23rd.

National and Pennzoil 10W40 oils followed closely, in 12th and 17th places respectively.

One promotional item that got a lot more play this spring was a foot pump and gauge. Last year, we moved 953 pieces during the month. This year, we sold 2,429, placing the item in the 19th PMA slot.

AUTOMOTIVE

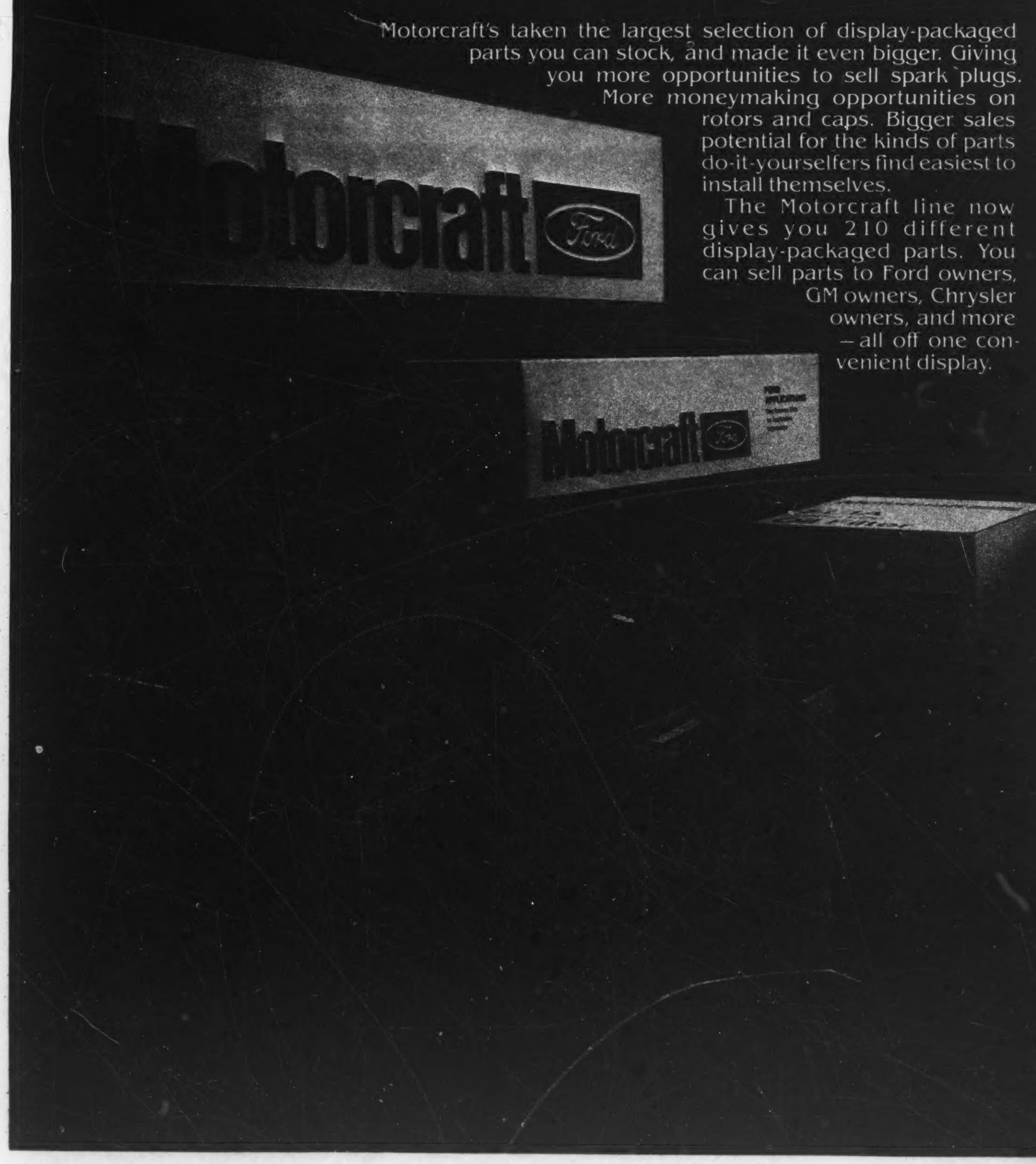
Automotive figures for April were supplied by Allied Accessories and Auto Parts Co., Madison Heights, Mich., and cover 2,000 stores, including 1,700 discount department stores in 33 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2-ton Hydraulic floor jack	1,171	69.99	81,958.29
2	500 Westleys bleach white, 20 oz	23,730	1.89	44,849.70
3	FL-1A Mocraft oil ftr (FL1)	10,523	2.97	41,986.77
4	141 Valvoline 10W40	33,695	1.19	40,097.05
5	3431 Snowhite lit'n'easy gal	2,952	12.99	38,346.48
6	T-222 Sup hd shell pst-kit, 14 oz	9,461	3.89	36,803.29
7	0245 DuPont rain dance pst, 14 oz	6,502	5.49	35,695.98
8	Quaker State deluxe 10W40	27,623	1.29	35,633.67
9	1015-24 STP oil treatment, 15 oz	14,548	2.19	31,860.12
10	0513 Rally Cream wax, 10 oz	9,287	3.39	31,482.93
11	PF-25 AC oil filters	7,745	3.99	30,902.55
12	National 10W40 motor oil, qt	32,592	0.87	28,355.04
13	6014 Sealed beam, large round	8,389	3.29	27,599.81
14	AS982 Simoniz super poly, liq	3,444	7.99	27,517.56
15	10080 8 oz Armor-all	8,157	3.29	26,836.53
16	G2 Foot pump with guage	2,429	10.99	26,694.71
17	Pennzoil deluxe 10W40	19,387	1.29	25,009.23
18	7450 Gumout Jet spray 13 oz	10,134	2.39	24,220.26
19	AS981 Simoniz super poly, paste	2,664	7.99	21,285.36
20	BP25 Blue poly liq sealant, 16 oz	2,047	9.99	20,449.53
21	BP30 Blue poly paste seal 16 oz	2,039	9.99	20,369.61
22	WD-40 Aerosol 9 oz	8,993	2.19	19,694.67
23	EB-1 Gunk aerosol	9,883	1.99	19,667.17
24	10160 16 oz Armor-all	2,746	6.99	19,194.54
25	Warco dot brake fluid, 12 oz	12,216	1.49	18,201.84
26	T560 Tur ply/shl 1-stp liq, 16 oz	2,232	7.99	17,833.68
27	129 Valvoline 10W40 Mir oil, qt	17,880	0.99	17,701.20
28	S257 Fix a Flat tire inflator	13,395	1.29	17,279.55
29	Pennzoil all-purpose 10W30	13,656	1.24	16,933.44
30	2645 Johnsons acrylic kit, 12 oz	2,195	7.49	16,440.55
31	1614 DuPont car wash, 8 oz	7,428	2.19	16,267.32
32	R452TS AC Spark plug	11,460	1.39	15,929.40
33	0241 DuPont rain dance liq, 16 oz	2,892	5.49	15,877.08
34	T-127 liquid Turtle Wax, 12 oz	5,567	2.79	15,531.93
35	LR-81 1 piece auto ramp pair	698	21.99	15,349.02
36	LF-1 Lee oil filter	4,524	3.39	15,336.36
37	Warco dot brake fluid, qt	3,768	3.89	14,657.52
38	4642 sealed beam, low square	2,906	4.99	14,500.94
39	T270 Turtle color back, 16 oz	3,600	3.99	14,364.00
40	7502 Gumout carb cleaner, 16 oz	7,067	1.99	14,063.33
41	TP51 Sandable Pri gry	7,760	1.79	13,890.40
42	PR-40 AC oil filters	3,432	3.99	13,693.68
43	PF-30 AC oil filters	3,405	3.99	13,585.95
44	RR16 Roberk wiper bld refill	6,077	2.19	13,308.63
45	6503-12 STP son of a gun, 8 oz	4,426	2.99	13,233.74
46	1001 Freon, 14 oz	6,996	1.79	12,522.84
47	6052 Sealed beam, large square	1,539	7.99	12,296.61
48	Tam-66 undercoating	5,347	2.29	12,244.63
49	PR-35 AC oil filters	3,068	3.99	12,241.32
50	Quaker State sup blnd 10W30	9,715	1.24	12,046.60
51	T-4163 Thrush muffler (160)	746	15.99	11,928.54
52	LF-25 Lee oil filter	3,168	3.69	11,689.92
53	TP52 (TW520) sandable prim red	6,502	1.79	11,638.58
54	100QR Rislone oil alloy, 32 oz	5,039	2.29	11,539.31
55	R44T AC spark plug	8,063	1.39	11,207.57
56	T-75 Turtle zip liz c/wash, 18 oz	4,893	2.29	11,204.97
57	DR1976 GM 8 cy dist cap	2,087	5.29	11,040.23
58	National all-purpose 10W30	14,202	0.77	10,935.54
59	PR-24 AC oil filters	2,731	3.99	10,896.69
60	13040 Armor-all, 4 oz	5,759	1.89	10,884.51
61	1157 auto bulbs 2 on a card	12,215	0.89	10,871.35
62	C-16 bars leak, 15 oz	5,721	1.89	10,812.69
63	101-1 GM uniset oem	1,199	8.99	10,779.01
64	T-3163 Thrush muffler	662	15.99	10,585.38
65	4000 Sealed beam, low round	3,731	2.79	10,409.49
66	2048-24 STP gas treatment, 8 oz	8,687	1.19	10,337.53
67	4624/04-2301 2 gal gas can	2,285	4.49	10,259.65
68	AS400 Brake fluid, 12 oz	5,640	1.79	10,095.60
69	UVL320 20" wheel wrench	2,069	4.79	9,910.51
70	T-5163 Thrush muffler	613	15.99	9,801.87
71	T565 Tur ply/shl 1-stp pt, 13 oz	1,224	7.99	9,779.76
72	PF-47 AC oil filters	2,446	3.99	9,759.54
73	01-015 D&L hand cleaner, 14 oz	8,878	1.09	9,677.02
74	3305 Snowhite lite-n-ez qt kit	2,254	4.29	9,669.66
75	7518 Gumout carb clean, 12 oz	5,988	1.59	9,520.02

THE BIGGEST JUST GOT BIGGER.

Motorcraft's taken the largest selection of display-packaged parts you can stock, and made it even bigger. Giving you more opportunities to sell spark plugs. More moneymaking opportunities on rotors and caps. Bigger sales potential for the kinds of parts do-it-yourselfers find easiest to install themselves.

The Motorcraft line now gives you 210 different display-packaged parts. You can sell parts to Ford owners, GM owners, Chrysler owners, and more – all off one convenient display.



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Buyers' Outlook Changes to Optimistic For Housewares Show: Pp. 16-71

Discount Store News®

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Discounters Boost Consumer Research as Buyer Aid

Nationwide DSN Report

Sharp buyers and merchandisers aren't enough. Neither are financial wizards. To keep pace with business today, many discounters are turning increasingly to the pollster.

"The increase in market research is a reflection of the tremendous competition today," said Woolco's director of marketing research Art Gross. "It is one way to try and get an edge over the competition."

Chains such as K mart, Woolco, Target, Zayre and others have conducted consumer interviews for years, but the pace of change in today's marketplace has led to increasing reliance on surveys, focus groups and other types of studies to forecast profitable areas in merchandising and weaknesses in store appeal throughout the industry.

(K mart's decision to upgrade stores and merchandise lines, in fact, came after consumer research in several of the chain's major markets indicated that its customer base would be willing to trade up in price points.)

The increased use of market research—principally exit interviews outside stores or smali groups of customers used to pretest advertising—has also led to the addition of headquarters specialists at chains large enough to afford the expertise.

T.G. & Y. and Murphy's Mart are two chains which recently developed in-house departments for research, for example. Both chains will design surveys themselves, saving significantly on costs of having it done by an outside firm. In some cases both chains will use their own personnel to conduct the interviews. (Some estimates put the cost of a single-location survey asking for 300 to 400 respondents at close to $4,000 when done by an outside firm.)

"Our cost is not that great, compared to the millions of dollars in inventory needed for addition of a major merchandise line," said T.G. & Y. director of planning Homer McAvoy. "Sometimes it is hard for a buyer sitting in the office to get a feel for what's going on, because the sales figures will show what the customers want, but not why. Was it the price, color, style? Were they attracted to the assortment? You see this occurring in wearables all the time. We can determine the reason with research."

T.G. & Y. president Dan Kelly pointed out that one major use of research will be as an aid to the buyer's function. He said the chain has used three outside sources to conduct research in the past, and the in-house operation will be more cost effective. Initially, the department will have one full-time staff member and a second person working part-time, with other additions possible in the future.

(T.G. & Y. will also be able to use the resources of its parent, City Products, which has a large market research team.) Research on product categories will probably not be underway before 1982, McAvoy said.

At Murphy's Mart, parent G. C. Murphy recently imported Blair McRae from Lazarus

(Continued on page 77)

Zayre Will Invade Milwaukee in Four Ex-Treasure Islands

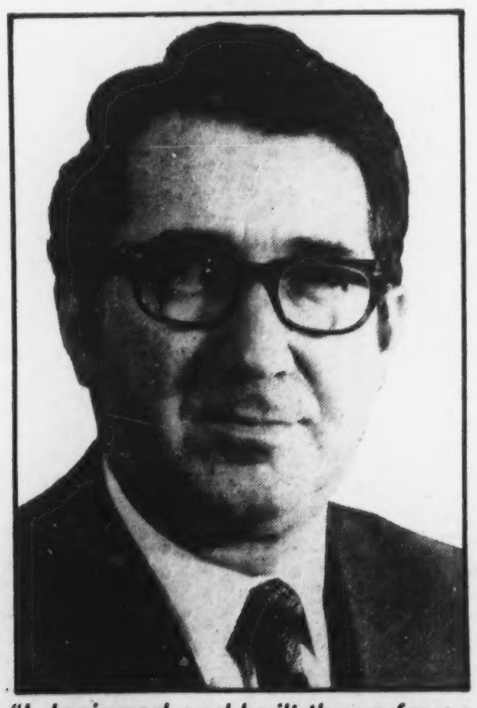
MILWAUKEE—Zayre has signed a definitive agreement with J. C. Penney for 70,000 sq. ft. of space in each of the retailer's four Treasure Island discount stores here.

Penney shuttered its discount division—which also operated stores under The Treasury name—earlier this year after seven consecutive years of losses.

Zayre will share the space in the giant 150,000-plus-sq.-ft. units with its T. J. Maxx specialty apparel shops, Coles Department stores, and a supermarket chain. The Maxx units will occupy 20,000 sq. ft. in three of the four stores, as will the Coles stores and the supermarkets. Final lease details were not available at presstime.

The move, which will put the Massachusetts-based retailer into the Lake Michigan city for the first time, also marks the return of the stores to the care

(Continued on page 77)



"I designed and built those four [Treasure Island, Milwaukee] stores."—Maurice Segall, president and ceo, Zayre.

Housewares on Fashion Bandwagon

Caldor is one of a number of discounters merchandising housewares and electrics as a fashion hard goods department. Display efforts, shown in the Taunton, Mass., store, include use of natural wood flats and buildups for vignette presentations, and the suspending of professional cookware from ceiling-hung racks. Electrics are displayed on natural wood gondola runs. Most items are mass-displayed to maximize impulse sales. See housewares section, pp. 16 to 71.

(DSN photo)

Wal-Mart to Save $4M In Buying 104 Big Ks

BENTONVILLE, Ark.—Time was on Wal-Mart's side, and the chain's patience paid off.

Closing the new deal to acquire Kuhn's-Big K will cost $4 million less than a buyout offer Wal-Mart made and then withdrew last December.

Wal-Mart's interest in acquiring the 104 Big K stores never waned, despite the on-again, off-again appearance of negotiations. Details of Wal-Mart's strategy emerged in a DSN interview with chain president Jack Shewmaker:

"When we walked away the first time, we realized we might have the opportunity of picking up the stores piecemeal and perhaps at a lower price. We also had the advantage of knowing the best locations."

Wal-Mart also knew that competitors with the resources to buy Big K—whose stores size and geographical base would make the chain a tempting purchase—were almost nonexistent. In addition, landlords, whose lease clauses caused Wal-Mart to abandon earlier acquisition plans, were pinched as Big K's fortunes continued to fall—a $5.4 million loss last year and $3.5 million loss for the first quarter of this year. It was a buyer's market.

The current offer, which Shewmaker characterized as "irrevocable" from Wal-Mart's end and which seems certain to go through, may also be even sweeter than it appears:

(Continued on page 11)

Woolworth, Paring Woolco, to Swell Specialty Chains

Pennington to Help Plan Diversification

By Iris Rosenberg

NEW YORK—F. W. Woolworth Co.'s long-range game plan—the redeployment of assets, including the continued paring down of its less-than-profitable Woolco division, and the expansion of its specialty retailing group, particularly J. Brannam and The Footlocker—was outlined for shareholders attending the giant retailer's annual meeting here.

"We are in the process of reorienting our asset base away from areas producing low or no return on investment to other divisions with a higher return or with a promise of greater return," Richard L. Anderson, president and coo, told the record crowd of 1,500 shareholders.

The revamping program, which chairman Edward Gibbons promised shareholders would position the company for the 80's, included:

- Redeployment of assets: In 1980, this part of the plan led to the sale of the company's Spanish operations, and this year will see the sale of a 51% majority ownership in the company's Mexican operations. The capital from the sale will be used to expand the division.
- Continued corporate support of good operations: These operations include the Woolworth variety stores, the Kinney Shoe division, and the Canadian and Mexican subsidiaries.
- Restructuring of those divisions with an inadequate ROI: This has led to the reorganization of the district manager structure at the company's Susie Casual chain; the fully online startup in April 1981 of a newly installed EDP system; and the closing of six Woolco stores over the past two years, the slated closing of another five in 1981, and the trimming of

(Continued on page 6)

Dr. Alan Pennington

NEW YORK—"It's alright to put all of your eggs in one basket—as long as you watch the basket very carefully."

Two weeks into his new job—executive vice president, marketing, for the F. W. Woolworth Co.—Alan Pennington was talking about the pros and cons of corporate diversification.

For the 41-year-old Midwesterner—and the 102-year-old company that just hired him away from Dayton Hudson—there seems to be few cons and little disagreement on the issue, because, after all: "How many years can you pin your growth on opening 100 new stores a year?"

For Woolworth, now embarked on a diversification and redeployment of assets course, Pennington is a logical choice

(Continued on page 6)

Fred Meyer's Board Weighs KKR's Third Takeover Bid

PORTLAND, Ore.—Fred Meyer's board of directors was still meeting at presstime to decide whether or not to accept the most recent takeover offer from Kohlberg, Kravis & Co. (KKR), an investment banking firm, for $401.5 million, or $55 a share.

The deliberations began shortly after the retailer's annual meeting was held here last month. At that time, shareholders learned that the chain was seriously considering the offer, and that the takeover bid was firm at $55 a share. KKR's bid for the Northwest retailer, made on June 3, had contained a proviso which stated that if the company failed to sell off its ailing savings and loan operation the offering price would drop to $53 per share. On the day of the annual meeting, Fred Meyer executives received word that the Home Loan Bank Board in Washington, D.C., had approved the sale of the savings and loan operation to Daniel K. Ludwig of New York for a reported $24 million. The sale agreement had originally been signed last fall but was delayed pending Federal and state approval.

This is the third unsolicited bid in less than a year that the chain has received from KKR. Both of the previous offers, each for $45 a share, were rebuffed by Meyer's board as inadequate and not in the best interests of the company or its shareholders.

The latest offer, Green said, does not include any of the conditions set forth in the prior bids, specifically that the deal would require the involvement of Meyer's existing management in a leveraged buyout.

It was uncertain at presstime, however, whether the present board and/or management would remain in place if the deal were consummated. However, KKR does not have any expertise in management, so it could be to its advantage to keep present management in place.

With the stock now trading at around $47 per share, as a result of the latest takeover bid, Meyer's board may find itself hard-pressed to justify to shareholders why it didn't accept the offer.

In fact, there was a great deal of speculation before the meeting that the company could expect some fireworks from shareholders who might feel left out of the decision-making process.

While most of the record-breaking crowd attending the meeting were mollified by president Green's detailing of what steps would make up the decision-making process—including advice from the retailer's investment bankers, lawyers, and a merger-and-acquisition expert—at least one shareholder voiced a dissenting opinion:

"I simply stand up to say that our analysis says the $55 per-share offer is a very adequate and fair price for this company," Bruce Robb, senior vp, treasurer, Safeco Insurance, told the meeting. Safeco owns approximately 4% of the company —7.3 million shares.

Many industry observers agree. Prior to KKR's latest bid, Fred Meyer's stock traded for about $37 a share, and some analysts feel that price is closer to the fair market value of the stock.

Sales for the first quarter ended May 23 rose 12% to $297 million. Green noted that sales were affected by the closing of one unit near Seattle, and the loss of a second store to fire in Lakewood, Wash. First quarter earnings figures were not available at presstime.

Sales for the 1980 53-week period rose 16% to $972.8 million with earnings from continuing operations up 20% to $26.5 million. On a comparable 52-week basis, sales increased 14%.

Meyer Plans Six Bows in '81-82

PORTLAND, Ore.—Fred Meyer has unveiled an expansion program that will see the chain grow by six units over the next two years.

Two approximately 165,000-sq.-ft. stores are scheduled to open in 1981: in Oregon City in August, and Richland, Wash., in November. Richland is a new market for the chain.

Construction for four units, scheduled for opening in 1982, will also begin this year. Two of these stores are replacement units: in Tacoma, where the new store will replace one destroyed by arson, and in Gateway, east of Portland. The other stores are slated for Medford, Ore., a new market for the chain, and Cornelius, Ore.

In addition, the chain plans to begin opening new, full-scale stores in eastern Washington, eastern Oregon, Idaho and western Montana. To support this expansion the chain recently sold off its Roundup grocery wholesale division.

The wholesale operation serviced independent stores in those areas. According to Cyril K. Green, Meyer president, opening Fred Meyer stores in that area, while still operating the wholesale arm, would have placed those units in direct competition.

In 1980, the chain increased its total square footage 9% over fiscal 1979. Fred Meyer purchased a large store in Puyallup, Wash., near Tacoma, and opened three new stores: one, a large unit, in Tualatin, Ore.; another in Kirkland, Wash., and a smaller-sized store in The Dalles, Ore.

The Dalles unit, an experimental store for smaller market areas, is still being evaluated and Green said no plans yet have been set for expansion of this smaller prototype.

Reportedly at a Big Loss

Alexander's Sells Margo's Chain to Elder-Beerman

NEW YORK—Alexander's has sold its chain of Margo's La Mode fashion specialty stores to the Elder-Beerman Stores Corp. of Dayton, Ohio, at a substantial loss.

Elder-Beerman will absorb Margo's financial obligations up to $7 million, paying a nominal purchase price for the chain's stock in order to exchange ownership. If the obligations exceed $7 million, Alexander's may supplement Elder-Beerman's contribution, an Alexander's spokesman reported.

The loss on the disposition of Margo's, net of income tax benefit, is reported to be approximately $7 million, and will be reflected in the earnings statement of Alexander's fourth quarter of this fiscal year.

The sale is seen as a necessary step Alexander's must take to relieve the burden of the distant and difficult Margo's operation, which it acquired in 1979 for about $10 million. During its first year under the direction of Alexander's—fiscal 1980, ended July 26, 1980—Margo's contributed a substantial portion of Alexander's sales gains. Margo's also caused much of its parent's substantial earnings decline during that period, a time when Alexander's sales were sluggish under pressure of heavy markdowns.

For the third quarter of fiscal 1981, ended May 2, Alexander's reported a net loss of $3.1 million on sales of $103.8 million, a 4.1% gain.

Alexander's had been in the process of converting the original Margo's to "personal-sized" Alexander's, but ran into a series of problems ranging from unexpectedly heavy retail competition to an inability to achieve a viable merchandising mix, and an ineffective inventory management system. Alexander's had also just opened four new Margo's in Denver with a much-advertised combined Alexander's-Margo's store logo.

Formal Planning Program Boosts Productivity: Poll

NEW YORK—One of the first in-depth surveys of productivity programs in retailing reveals a positive correlation between higher productivity and formal strategic planning.

But, it also revealed that retailers are generally dedicating fewer resources to productivity improvement efforts than other industrial groups.

The study, conducted by the international accounting firm of Arthur Young & Co. for the Association of General Merchandise Chains (AGMC), surveyed over 70 different productivity improvement programs at 23 variety and discount store chains with combined retail sales of over $28 billion and over 7,500 store locations. While the survey ranged from single-store operations to chains with over 2,000 units, over 50% of the respondents had 1980 sales of over $100 million. Sales per square foot of selling space averaged $82.50.

Higher productivity levels were reported by 71% of the retailers who instituted formal, combined short-range and long-range planning programs. Of those reporting lower productivity levels, only 33% indicated that formal planning had been in use.

The programs spanned the areas of distribution, merchandising, advertising, promotion and financial management as well as operations. The most frequently mentioned program was methods improvement, including store reporting procedures, layouts and scheduling.

Programs considered successful by respondents' own criteria included inventory management systems, management training programs, electronic funds transfer systems, use of flex-time and part-time staff in personnel scheduling and installation of new equipment to improve merchandise distribution.

While the study revealed that well-managed productivity programs are a key to improving overall company profitability and return on assets and equity, the results also showed that retailers are lagging in developing strategic plans and appropriate productivity evaluation measures.

(Continued on page 77)

Loss Prevention Parley Is Scheduled by NMRI

NEW YORK—The National Mass Retailing Institute will hold its 11th annual loss prevention conference Sept. 9-11 at Chicago's Marriott Hotel.

The conference, for discounters' prevention and operation personnel, will kick off with a general session called "You Catch a Thief," at which Frank W. Abagnale, president Frank W. Abagnale & Associates, will be the speaker. Eric Zorn, vice president, security, Jamesway, will the moderator.

Some of the other workshops and seminars on the agenda, and the retailers leading the discussions, will include: employee theft, Dick Clark, ShopKo Stores; refunds/exchanges/layaways, Pat Wallace, Zayre; alarm systems— problems and experiences, Tom Coughlin, Wal-Mart; point of sale—theft and fraud, T. V. Wasson, Richway; employee theft in retail organizations, Dr. John P. Clark and Dr. Richard C. Hollinger, research on organizations and occupations, Sociology Department University of Minnesota.

Retailers interested in attending should contact Gerald Jacobskind, educational services director, NMRI, 570 Seventh Ave., New York, N.Y. 10018 212-354-6600. The Marriott has a three-week cutoff date for room reservations.

Karch Quits Vornado; Was Exec VP, COO

GARFIELD, N.J.—Seymour Karch, executive vice president and chief operating officer of Vornado, parent of the troubled Two Guys discount store chain, has resigned.

Inside sources said that Karch, who announced his resignation "to pursue other interests," will leave Vornado at the end of July. No successor had been named at presstime.

Karch joined Vornado in March 1980, after the resignation of Bernard R. Kossar as president and director. Since then the presidency has remained vacant. Frederick Zissu, a lawyer and long-time Vornado executive, is chairman and chief executive officer, while Steven Roth, a general partner of Interstate Properties, a New Jersey real estate firm, which owns 18% of Vornado and has a majority position on the board, is chairman of the executive committee.

Interstate Properties took control of Vornado after a bitter proxy battle in May 1979, after convincing shareholders that the Two Guys chain would be more valuable as a real estate entity than as a retailing concern. In January 1980, Vornado leased out 12 of its Two Guys stores in the Philadelphia area to Montgomery Ward, but since then no other Two Guys have been disposed of.

The 60 remaining Two Guys stores continue to have earnings problems. Vornado announced a loss of $7.6 million for the first quarter of its fiscal year ended May 2, 1981, about the same as reported in the 1980 period. The company has reported deficits for three of its last four fiscal years, including a $3.6 million loss for the year ended last Jan. 31.

In This Issue...

ON WITH THE SHOW. Housewares buyers have converged, in a bullish mood, on Chicago for the semiannual housewares show. Among their preshow reports, as noted in DSN's special section: Chain inventories are generally thin, and an expected proliferation of promising new products at the show, coupled with a belief that the economy is turning around, should engender an active buying atmosphere at the exposition. (Pp. 16-71)

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Vol. 20, No. 14 July 13, 1981

ELECTRIC HOUSEWARES

These electric housewares figures, for Jan. 1 through May 23, supplied by Myron Nickman, a division of Cook United, Maple Heights, Ohio, cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount clients.

SPECIALTY ELECTRICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Wear-Ever Popcorn Pumper	4,154	28.19	117,101.26
2	—	Hamilton Beach Popcorn Pumper	1,741	27.14	47,250.74
3	—	Shetland Corn Popper	1,550	16.80	26,040.00
4	2	Presto PopCornNow	958	26.81	25,683.98
5	3	Presto Fry Daddy	951	26.86	25,543.86
6	5	Hamilton Beach Fry All	1,263	14.71	18,578.73
7	4	Hamilton Beach Butter-up popper	587	15.93	9,350.91
8	6	West Bend Butter Mtc ppcrn mkr	512	13.16	6,737.92
9	—	Northern ice cream maker	1,968	1.19	2,341.92
10	—	Northern ice cream freezer	133	13.96	1,856.68
		TOTALS	13,817		280,486.00

SLOW COOKERS

1	1	Rival 3½-qt removable liner	2,648	22.64	59,950.72
2	2	Rival 3½-qt almond	4,195	13.75	57,681.25
3	3	Rival 5-qt removable lnr, beige	1,506	27.71	41,731.26
4	—	Rival 3½-qt, flame	2,099	12.44	26,111.56
5	4	Rival 5-qt removable lnr, avcdo	645	22.58	14,564.10
6	—	Rival 1-qt Crockette	112	12.35	1,383.20
		TOTALS	11,205		201,422.09

TOASTERS

1	1	Proctor Silex 2-slice, promo	3,684	12.51	46,086.84
2	—	Toastmaster 2-slice, promo	3,002	13.46	40,406.92
3	3	Toastmaster 4-slice	1,486	22.43	33,330.98
4	4	Proctor Silex 4-slice, promo	1,678	19.11	32,066.58
5	6	Toastmaster 4-slc, dl ctrl, wd tn	751	31.45	23,618.95
6	—	Proctor Silex 2-slc, Brdmts	1,516	13.36	20,253.76
7	—	Toastmaster 2-slice, automatic	1,142	16.44	18,774.48
		TOTALS	13,259		214,538.51

DRIP COFFEEMAKERS

1	3	Proctor Silex 10-cup	11,726	20.03	234,871.78
2	1	Norelco 10-cup Dial-a-Brew	3,981	24.55	97,733.55
3	2	North Amer Mr. Coffee 10-cp, almd	2,272	29.51	67,046.72
4	—	Hamilton Beach 12-cup	2,399	21.31	51,122.69
5	7	Hamilton Beach Mini-Drip II	2,706	16.05	43,431.30
6	4	North Amer Mr. Cffe 12-cp w/svr	582	45.31	26,370.42
7	5	Nrth Amer Mr. Cffe 10-cp w/svr, alm	520	39.53	20,555.60
8	9	Norelco Express 4-cup	849	21.26	18,049.74
9	8	Norelco 12-cup Dial-A-Brew II	340	36.43	12,386.20
		TOTALS	25,375		571,568.00

CURLING WANDS

1	—	Shetland Two-to-Get Set	5,029	9.33	46,920.57
2	—	Shetland Curling Brush	5,777	5.74	33,159.98
3	1	Clairol Crazy Brush	2,066	10.93	22,581.38
4	4	Conair Curling Brush	2,547	8.71	22,184.37
5	—	Georgie Adjustable Crlng Brsh	1,786	10.08	18,002.88
6	3	Clairol Crazy Curl	1,336	12.09	16,152.24
7	—	Dazey Beauty Curl	5,177	2.80	14,495.60
8	5	Northern Pro Styling Brush	2,090	6.86	14,337.40
9	6	Norelco Wave Maker	1,109	11.71	12,986.39
10	8	Conair Curls 'N Curls	2,535	5.00	12,675.00
11	—	Northern Pro iron, chrome	2,532	4.90	12,406.80
12	7	Norelco Curl Q	960	10.39	9,974.40
13	14	Georgie Curling Brush	1,063	8.05	8,557.15
14	—	Sassoon Prof Curling Iron	796	7.83	6,232.68
15	2	Gillette body & curl	440	12.93	5,689.20
16	12	Dallas Hot Pick	348	11.43	3,977.64
17	—	Sassoon Prof Brush Iron	379	9.78	3,706.62
18	9	Gillette Super Curl	242	12.10	2,928.20
19	—	Clairol Crazy Curl Compact	103	12.75	1,313.25
		TOTALS	36,315		268,281.75

(Continued on page 27)

PIA IMA®

PRODUCT MOVEMENT AUDIT

Personal Care Dominates Hot New Electrics

By Howard Bobroff
President,
Myron Nickman Distributors

The search for new electric housewares was answered with a dozen products showing up for the first time on the Product Movement Audit for the Jan. 1 through May 28 period.

Personal care appliances dominated the listing of new items on the latest audit, reflecting the cate-

(Continued on page 27)

Away We Go

The following "High Risers" chart lists items (and their rank) that have moved up five or more places from the previously published Myron Nickman electrics housewares report. The "New Items" chart lists products (and their rank) that are appearing for the first time on the audit.

Category/Items — **Rank**

HIGH RISERS

STYLER/DRYERS
Conair 1200W Pro Styler w/brush ... 4
Clairol 1000W Dry Guy ... 13
Northern 1200W compact ... 18

CURLING WAND
Dazey Beauty Curl ... 7
Northern Pro Iron, chrome ... 11
Clairol Crazy Curl compact ... 19

DRIP COFFEEMAKERS
Hamilton Beach 12-cup ... 4

SPECIALTY ELECTRICS
Hamilton Beach Popcorn Pumper .. 2
Northern ice cream maker ... 10
Northern ice cream freezer ... 11

SLOW COOKERS
Rival 3½-qt, flame ... 4
Rival 1-qt Crockette ... 6

TOASTERS
Toastmaster 2-slice, promo ... 2
Proctor-Silex 2-slice, Breadmates ... 6
Toastmaster 2-slice, automatic ... 7

BLENDERS
Waring 2-speed ... 3

STAND MIXERS
Sunbeam w/dough hook, almond ... 1
Hamilton Beach 9-sp w/dough hk ... 3

HAND MIXERS
Waring 12-speed, white ... 2
Hamilton Beach 3-sp, gld, det crd ... 3
Sunbeam 5-pc Burst Power, almd .. 4
Hamilton Beach 3-sp, almd, det crd . 5
Hamilton Beach 3-speed, almd ... 9
Waring 6-speed, almond ... 11

CAN OPENERS
Rival, gold ... 5

IRONS
Sunbeam Shot of Steam ... 5
Proctor dry/steam/spray iron ... 7

NEW ITEMS

STYLER/DRYERS
Shetland 1200W Visa ... 1
Georgi 1400W Turbo Dryer ... 9
Sassoon 1200W Pro mid-sz dryr .. 16
Clairol 1200W Air Express, cmpt .. 19
Sassoon 1500W Pro Eurpn Styler . 20

CURLING WANDS
Shetland Two-to-Get Set ... 1
Shetland Curling Brush ... 2
Georgi Adjustable Curling Brush .. 5
Sassoon Pro Curling Iron ... 14
Sassoon Pro Brush Iron ... 17

SPECIALTY ELECTRICS
Shetland Corn Popper ... 4

IRONS
Hamilton Beach Speed-O-Light II ... 3

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PRODUCT MOVEMENT AUDIT

New Electrics

(Continued from page 24)

gory's overall strong showing during the year.

The housewares show is scheduled to witness a broad range of new kitchen appliances, including items with more electronic controls, multi-function food preparation appliances, and specialized products such as a portable, butane-heated, curling wand.

On the current audit, curling wands and styler/dryers are the top two items in terms of number of models to make the ranking, with hair dryers second in total dollar movement and third in total unit movement, and wands No. 1 in total unit movement and fourth in total dollar movement.

The five styler/dryers debuting on the PMA illustrate the two key consumer interests for its merchandise—low price for high wattage and compactness for portability.

High wattage at a price was behind the Shetland 1200-watt Visa units vaulting into the No. 1 place on the chart. The average $8.03 retail made the unit the lowest priced style/dryer on the report.

Price points of under $15 helped to propel the Georgie 1400-watt and Sassoon 1200-watt units into Nos. 9 and 16. The latter also relied on the Sassoon name, which has developed an identity in the hair care field, and this consumer recognition helped the Sassoon 1500-watt European model to show up as No. 20 despite having the highest average retail, $23.50, of any unit on the record.

Compactness, along with a low $12.08 average retail, was behind the Clairol 1200-watt Air Express unit debuting as No. 19. The styler/dryer was one of about a half-dozen units to make the PMA.

Price is particularly important in the curling wand area, with only seven of the 19 items having $11 or higher average price points.

The two Shetland models that were the top items had tags under $10, with the Shetland Two-to-Get Set unit offering the feature of two barrels for its step-up, $9.33 average retail price.

The Sassoon name also showed up on the new curling wands, so that discounters and other retailers can offer a complete assortment of styler/dryers and curling wands under this brand. In the curling wand area, however, both Sassoon products were tagged under $10.

The curling wand category was divided about evenly between wand curlers and curling brushes, denoting the broad consumer interest in these two types of curlers. This interest has resulted in retailers having to carry a large number of sku's for what is a tight assortment of items.

The large number of models in the personal care electrics area compares to much fewer units in the kitchen appliance area. This is due to the dominance by a few brands in such categories as hand mixers, irons and slow cookers.

Drip coffeemakers continue

(Continued on page 75)

ELECTRIC HOUSEWARES

(Continued from page 24)

STYLER/DRYERS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	Shetland 1200W Visa	5,743	8.06	46,288.58
2	1	Conair 1000W Pro Dryer	2,958	13.36	39,518.88
3	4	Conair 1200W Pistol Power	2,774	11.98	33,232.52
4	13	Conair 1200W Pro Styler w/brsh	1,219	22.09	26,927.71
5	3	Gillette 1000W Supermax 2	1,258	20.13	25,323.54
6	9	Northern 1200W	1,468	10.79	15,839.72
7	6	Norelco 1000W Gotcha Gun	1,260	11.18	14,086.80
8	12	Northern 1200W fldng mn dryr	1,232	10.35	12,751.20
9	—	Georgie 1400W Trbo Dryr	967	12.90	12,474.30
10	7	Gillette 1200W Supermax	537	20.18	11,174.97
11	8	Northern 1000W	835	13.21	11,030.35
12	15	Clairol 1200W Son of a Gun	499	20.83	10,394.17
13	—	Clairol 1000W Dry Guy	490	19.98	9,790.20
14	14	Norelco 1200W Gotcha Gun	622	14.25	8,863.50
15	2	Gillette 1400W Supermax Pro	540	15.56	8,402.40
16	—	Sassoon 1200W Pro md-sz stylr	462	13.91	6,426.42
17	5	Conair 1250W Vagabond	425	14.86	6,315.50
18	—	Northern 1200W Compact	670	9.03	6,050.10
19	—	Clairol 1200W Air Express, Cmpct	325	12.08	3,926.00
20	—	Sassoon 1500W Prof European Styler	125	23.50	2,937.50
21	10	Windmere 1250W Boss	205	12.38	2,537.90
		TOTALS	24,614		314,292.26

IRONS

1	1	Proctor Silex Steam	4,520	13.34	60,296.80
2	2	Sunbeam self-clean promo	1,251	23.76	29,723.76
3	—	Hamilton Beach Speed-O-Light II	567	18.59	10,540.53
4	8	Struhl Travel iron	1,529	5.94	9,082.26
5	—	Sunbeam Shot of Steam iron	278	30.79	8,559.62
6	3	Proctor Silex Ldy Lght spry/stm	265	23.64	6,264.60
7	—	Proctor dry/steam/spray iron	363	15.86	5,757.18
8	6	Sunbeam steam iron, promo	309	14.71	4,545.39
		TOTALS	9,082		134,770.14

FOOD PROCESSORS

1	2	Hamilton Beach Cuisine Machine	3,128	47.64	149,017.92
2	1	Sunbeam Le Chef	117	108.91	12,742.47
		TOTALS	3,245		161,760.39

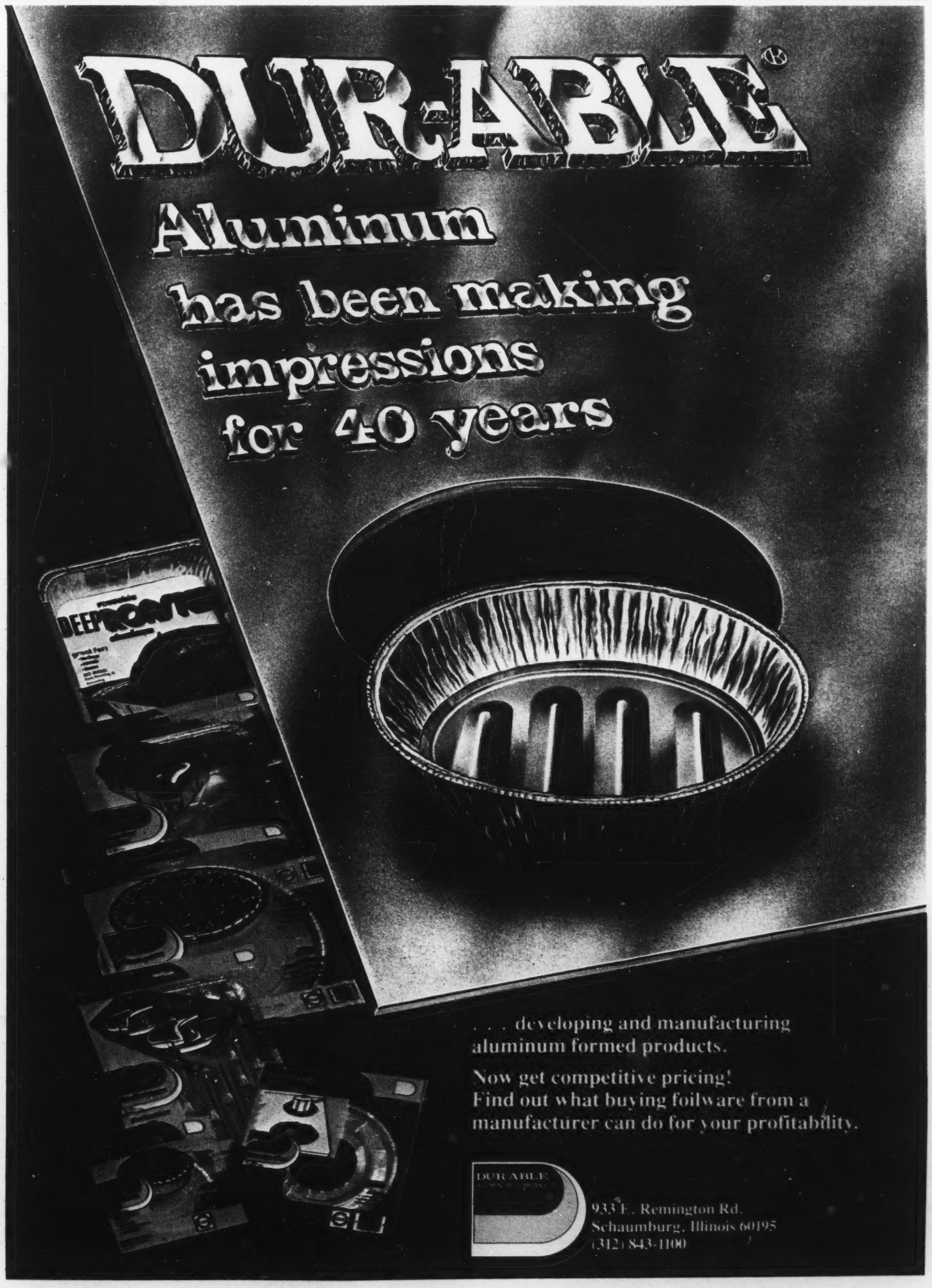
HAND MIXERS

1	3	Sunbeam 3-speed, white	1,792	13.14	23,546.88
2	—	Waring 12-speed, almond	1,428	15.05	21,491.40
3	—	Hamilton Beach mxr, 3-sp, gld, dt crd	1,510	13.79	20,822.90
4	—	Sunbeam, 5-sp Brst of Pwr, alm	903	16.98	15,332.94
5	—	Hamilton Beach 3-sp, alm, dt crd	1,402	13.73	19,249.46
6	1	Hamilton Beach 3-sp, gold	1,516	11.48	17,403.68
7	4	Sunbeam 5-sp Brst of Pwr, wht	360	23.74	8,546.40
8	5	Waring 6-speed, white	633	13.38	8,469.54
9	—	Hamilton Beach, 3-sp, almond	666	12.70	8,458.20
10	2	Hamilton Beach 5-sp w/case, almd	188	19.36	3,639.68
11	—	Waring 6-speed, almond	153	11.10	1,696.30
		TOTALS	10,551		148,659.33

CAN OPENERS

1	1	Rival, almond	4,924	11.26	55,444.24
2	6	Rival Slimline w/knf shrp, almnd	2,242	14.89	33,383.38
3	2	Rival w/knife sharp, wht	2,459	12.80	31,475.20
4	8	Rival w/knife sharp, gld	1,359	12.69	17,245.71
5	—	Rival gold	1,248	1.18	14,726.40
6	6	Rival Slimline w/knf shrp, wht	636	15.33	9,749.88
7	3	Waring w/knife sharp	560	13.40	7,504.00
8	5	Dazey can opener	672	9.10	6,115.20
9	7	Oster, white	129	17.90	2,309.10
		TOTALS	14,229		177,953.11

(Continued on page 75)



ELECTRIC HOUSEWARES

(Continued from page 27)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
STAND MIXERS					
1	—	Sunbeam, w/dough hook, almnd	372	79.81	29,689.32
2	3	Sunbeam, w/dough hook, wht	217	82.79	17,965.43
3	—	Hamilton Beach 9-sp w/dgh hk	309	51.01	15,762.09
4	2	Waring 12-speed	643	23.29	14,975.47
5	1	Waring 6-speed, 2-way, wht	287	21.78	6,250.86
		TOTALS	1,828		84,643.17
BLENDERS					
1	4	Hamilton Beach 7-speed, almond	2,221	19.58	43,487.18
2	5	Hamilton Beach 14-sp, Bindr Pls, gld	1,196	29.40	35,162.40
3	—	Waring 2-speed blender	1,817	17.31	31,452.27
4	2	Waring, 8-speed, Titan	1,511	20.03	30,265.33
5	3	Waring 14-speed, almond	191	22.93	4,379.63
		TOTALS	6,936		144,746.81

New Electrics

(Continued from page 27)

to be the dominant kitchen electrics due to successful manufacturer efforts to upgrade this appliance through such features as timers and electronic controls. North American Mr. Coffee is due to unveil its first-timer controlled unit at the July housewares show.

Figures Analyzed

Specialty electrics, along with hand mixers, had the greatest number of different models showing up on the kitchen electrics audit. Specialty electrics included one new item, a Shetland Corn Popper, which joined five other popcorn makers on the chart.

Import-Item Show To Bow in Jan.

CHICAGO—Another housewares show is coming to Chicago.

The Merchandise Mart will host a Global Home Products Fair Jan. 15-21, 1982, at the Expocenter.

This show, which opens two days before the semiannual National Housewares Exposition at McCormick Place, will feature products just from foreign countries.

The Global show's hours will be from 10 a.m. to 10 p.m.

Storage

(Continued from page 68)

last July, down to $4.44 and again to $4.27 this spring, to get the item moving. He whittled the price down once more to $3.99 during the summer.

"Part of the problem was that the customer bought them and found they were not as handy as they had expected," Sorrenson said. The chain carries 20 sku's of Lustro-Ware storage items in red, yellow, white and brown. Sorrenson ranked the yellow and brown as tied for first place. The chain's Rubbermaid storage items come in second to Lustro-Ware in sales, he added.

Phoenix-based Smitty's buyer Muriel Palmer had mixed feelings about the storage container category, which she said had not yet made a big hit in the Arizona market.

Smitty's focused its attention on Rubbermaid storage items, since the name is presold to the customer. One of its best storage products is the Rubbermaid stacker, selling for $3.99 everyday, in the earth tone colors which are more attuned to the desert motif popular in the chain's selling market. Palmer has ordered off-brand storage crates, selling for $5.99 everyday, but is holding off on making commitments on promotions until she sees what her competition is doing with them. Like her counterpart at ALCO, Palmer said: "I don't need the markdowns."

Palmer brought in a hold-all wall grid for a special promotion and "laid the biggest egg you could imagine," she said. She'll have to mark down the items to clean the stores out. Despite this, she insisted that she would be looking for deals on storage items, believing that their day has yet to come.

Max-Way had great success with the milk crates in hi-tech colors from Rubbermaid and Fesco, according to a chain spokesman. Max-Way is still experimenting with storage products. It has only featured them on promotional tables and endcaps and has only given them an in-store promotional push thus far. Max-Way also tested Ingrid mini-carts for one tab and had a 100% sell-through. The chain is now considering bringing the item in for the fall housewares, and will be advertising, although the spokesman refused to give any details. The spokesman added that the chain will be testing a hold-all wall grid in the fall for possible introduction the following spring.

Gee Bee buyer Bob Kostial dipped his toe in the storage category waters with a Hi-Hi Instabasket organizing system. "Everyone is pitching the category but we haven't seen it move," he said. The chain is considering carving out a 4-ft. program for storage products, but had not decided on specifics at presstime.

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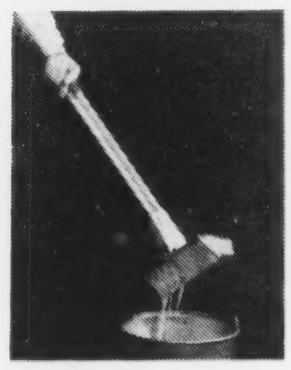

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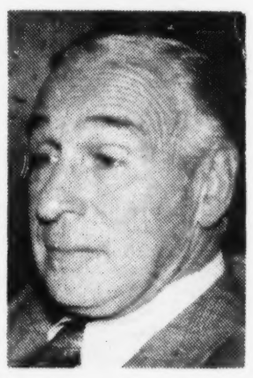
PRODUCT MOVEMENT AUDIT

Flock of New Items Due; 13 Hot on Coast

By Jerry Falk
Executive vice president, Bacar Inc., Distributors

New items will be making news at the housewares show.

The baker's dozen that showed up on the West Coast PMA for the first five months of the year portend an extensive introduction of products in Chicago.



The new items due to be shown at the show include basic plastics in two new colors, red and white; new dinnerware patterns; glassware that picks up colors and patterns used on dinnerware; storage products from a greater number of vendors, and more specialty cookware geared just to microwave oven use.

A small suggestion of the items that will be arrayed for discounters and other retailers at the show can be seen on the PMA in such instances as Durand's 16-pc. dinnerware set in the French Lily design; the metal holders used for Pyrex

(Continued on page 34)

On the March

The following "High Risers" chart lists items (and their rank) that have moved up five or more places from the previously published Bacar Inc. PMA. The "New Items" chart lists products (and their rank) that are appearing on the audit for the first time.

Category/Item — **Rank**

HIGH RISERS

TABLETOP
Expressions 20-pc set, Strawberry . . 1
Dimension IV 16-pc set, Cinnamon . 2

GLASSWARE
Wheaton 1-gal Sun Tea jar 2
Anchor Hocking 2-qt batter bowl 3
Libbey 7-oz Margarita glass 4
Anchor Hocking 2-lb sq candy jar . . . 9
Libbey crystal coffee mug 12
Anchor Hocking 2-gal jar w/lid 13
Libby 8-oz wine, Vin Connoisseur . 14

COOKWARE
Nordic Micro-Go-Round 1
Gen House Granitware 21-qt canner 2
T-Fal 10" skillet, rouge 3
Regal 10" skillet, SilverStone 4
Revere 3½-qt teakttle, cop-btm 7
Revere 3-pc bow set w/rings 9
Revere 2⅓-qt whst teaktl, cop-btm . 10
Revere 6-cup teakttle, cop-btm 11
Mirro 7-pc cook set, Silverstone . . . 15

GADGETS
Lux timer, single ding, white 1
Swing-A-Way hand can opnr, hrvst . 2
Foley coated jar lifter 3
Swing-A-Way hand can opnr, choc . . 4
OK wood util bd, 10" x 14" x ¾" 6
Trend steamer basket, 4-qt 8
Range Kleen 6" reflector pan 9
Irvin 6-wing corkscrew 10
Swing-A-Way jr hand can opener . . 11
Grayline jumbo shelf, 16" x 5" x 8" . 15

PLASTICS
Republic 1-pt uprite Freezette set . . . 3
Tucker 30-oz tumbler w/dispenser . . 4
Flambeau ice-e-pops 5
Republic ½-gal Freezette decanter . 6
Republic 1-gal Freezette refrig bttl . . 7
Lustro cov 4-pc bowl set, lime 8
Tucker 16-oz tumbler w/dispenser . 10
Sterilite corn skewer 11
Republic 2½-qt Freezette flat 12
Republic Freezette lrg meat kpr . . . 13
Eagle 1-qt clear juice decanter 14
Frigidaire ice cube tray 15

(Continued on page 34)

HOUSEWARES

These housewares figures for Jan. 1 through June 10, supplied by Bacar Inc., distributors, San Jose, Calif., cover 1,300 stores, including 200 discount department stores. Average retail prices listed reflect typical price points for discount clients.

TABLETOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	7	Expressions 20-pc st, Strwbrry	938	66.59	62,461.42
2	11	Dimension IV 16-pc st, Cnnmn	1,490	39.59	58,989.10
3	1	Expressions, 20-pc st, Wldflwr	867	66.59	57,733.53
4	4	Corelle, 20-pc set, gold	1,362	40.49	55,147.38
5	3	Expressions 20-pc st, Indn Smmr	827	66.59	55,069.93
6	2	Expressions 20-pc st, Mdw	654	66.59	43,549.86
7	12	Dimension IV 16-pc st, almnd	956	39.59	37,848.04
8	5	Corelle 20-pc set, white	977	37.79	36,920.83
9	8	Corelle 20-pc set, Woodland	851	39.59	33,691.09
10	13	Dimensions IV 16-pc st, Citrus	831	39.59	32,899.29
11	10	Corelle 20-pc set, blue	691	40.49	27,978.59
12	—	Corelle 16-pc set, gold	658	32.39	21,312.62
13	—	Durand 16-pc set, French Lily	580	35.50	20,590.00
14	—	Corelle 16-pc set, green	597	32.39	19,336.83
15	6	Corelle 20-pc set, green	470	40.49	19,030.30

GLASSWARE

1	3	Libbey, 6½-oz tll wn, Cttn	2,987	6.48	19,355.76
2	—	Wheaton 1-gal Sun Tea jr w/ld	3,748	4.14	15,516.72
3	—	Anchor Hocking 2-qt bttr bwl, clr	3,444	4.50	15,498.00
4	10	Libbey 7-oz margarita glass	6,012	2.07	12,444.84
5	5	Libbey 10-oz goblet, Cttn	1,824	6.48	11,819.52
6	—	Libbey 24-pc Entrtnr st, Twny	616	18.45	11,365.20
7	7	Libbey 11-oz white wn, Cttn	1,646	6.48	10,666.08
8	12	Libbey 24-pc st, Twny Trpcl	379	27.90	10,574.10
9	—	Anchor Hocking 2-lb sq cndy jr w/cov	4,595	2.25	10,338.75
10	6	Libbey 6½-oz rd wn, Cttn	1,577	6.48	10,218.96
11	13	Durand 24-pc set, Lancer	481	21.15	10,173.15
12	—	Libbey crystal coffee mug	8,617	1.17	10,081.89
13	—	Anchor Hocking 2-gal jr w/gls ld	802	12.51	10,033.02
14	—	Libbey 8-oz wn, Vin Connoisseur, 8-pc	793	11.88	9,420.84
15	—	Libbey 24-pc Entrtnr st, crystl	490	18.45	9,040.50

CORNING WARE

1	1	Microwave browning grill	2,215	26.09	57,789.35
2	—	Chef Master set, Wildflower	557	75.59	42,103.63
3	—	Chef Master set, Spice	426	75.59	32,201.34
4	—	10" Microwave browning sklt	1,062	25.19	26,751.78
5	—	Snack-It Set	2,256	11.69	26,372.64
6	10	Grab "4" It set	1,118	21.14	23,634.52
7	—	10" Pie plate, French White	3,129	6.73	21,058.17
8	15	Microwave set	450	44.99	20,245.50
9	—	2½-qt Round cssrl, Frnch Whi	1,250	16.19	20,237.50
10	—	3-pc French White set	540	35.99	19,434.60
11	—	Grab-A-Snack set	1,602	11.69	18,727.38
12	—	Grab-It set	1,674	11.06	18,514.94
13	11	2½-qt Oval cssr w/cv, Frnch Whi	1,105	16.19	17,889.95
14	—	Casser-ette	2,180	7.82	17,047.60
15	—	1-qt Microwave Cook 'N' Pour	996	16.19	16,125.24

PYREXWARE

1	2	3-qt Oblong bake dish	7,331	5.39	39,514.09
2	—	4-qt Oblong bake dish	4,477	7.55	33,801.35
3	—	2-qt Oblng bk dsh, Frsd Orgnls	1,570	16.01	25,135.70
4	—	2-qt Casserole, Frsd Orgnls	1,555	16.01	24,895.55
5	—	3-qt Bake dish w/basket	1,496	14.84	22,200.64
6	—	3-qt Utility dish, Fireside	3,755	5.38	20,201.90
7	8	4-pc Bowl w/lip set, Autumn Harvest	1,242	15.56	19,325.52
8	7	3-pc Casserole set, Atmn Hrvst	1,102	16.55	18,238.10
9	4	2-qt Oblong bake dish	3,684	4.85	17,867.40
10	—	2-qt Serving pitcher	1,726	8.99	15,516.74
11	5	1-pt Liquid measure	5,925	2.60	15,405.00
12	13	3-pc Mix bowl set, clear	2,189	6.92	15,147.88
13	—	1-cup Liquid measure	6,946	2.15	14,933.90
14	10	6-oz Custard cup, 4-pak	4,603	3.23	14,867.69
15	—	8" Square ck dsh, Frsd Orgnls	942	15.02	14,148.84

(Continued on page 34)

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HOUSEWARES

(Continued from page 33)

COOKWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	11	Nordic Micro-Go-Round	3,696	47.69	176,262.24
2	—	Gen Housewares Grntwr 21-qt cnnr	5,274	19.35	102,051.90
3	—	T-Fal 10" skillet, rouge	9,355	9.88	92,427.40
4	—	Regal 10" sklt, SlvrStn	4,547	9.88	44,924.36
5	5	Nordic microwave bcn/mt rck	5,754	7.64	43,960.56
6	4	Wear-Ever 10" chf fry pn, Prf SlvrStn	3,601	10.34	37,234.34
7	—	Revere 3½-qt tkttl, cop-btm	1,574	23.40	36,831.60
8	12	Melitta 10-cup drp cffmkr	4,388	8.09	35,498.92
9	—	Revere 3-pc bwl st w/rings	1,409	20.70	29,166.30
10	—	Revere 2⅓-qt whst tkttl, cop-btm	1,642	17.55	28,817.10
11	—	Revere 6-cup tkttl, cop-btm	1,699	15.75	26,759.25
12	9	Anchor Hocking mcrwv bcn rck	4,344	6.02	26,150.88
13	—	Dawo fluted tube pan, Teflon	3,256	7.64	24,875.84
14	1	T-Fal 7" skillet rouge	3,087	7.18	22,164.66
15	—	Mirro 7-pc ck st, almnd, SlvrStn	429	50.39	21,617.31

GADGETS

1	—	Lux timer single ding, white	3,913	6.97	27,273.61
2	9	Swing-A-Way hnd cn opnr, hrvst	5,117	3.77	19,291.09
3	—	Foley coated jar lifter	4,847	3.58	17,352.26
4	10	Swing-A-Way hnd cn opnr, choc	4,431	3.77	16,704.87
5	7	Range Kleen 8" rflctr pn, GE	9,144	1.80	16,459.20
6	—	OK wood util board 10" x 14" x ¾"	2,730	5.75	15,697.50
7	8	Range Kleen 6" reflector pan, GE	11,028	1.35	14,887.80
8	—	Trend steamer basket, 4-qt	2,009	6.75	13,560.75
9	—	Range Kleen 6" reflector pn	1,306	9.88	12,903.28
10	—	Irwin 6-wing corkscrew	2,784	4.48	12,472.32
11	—	Swing-A-Way junior hnd cn opnr	6,900	1.79	12,351.00
12	11	E-Z Foil electric burner bibs	5,976	2.06	12,310.56
13	—	Loft little sprout kit	2,294	5.35	12,272.90
14	4	Grayline 4-loop plate rack	5,206	2.33	12,129.98
15	—	Grayline jmbo shlf, 16" x 5" x 8"	3,071	3.94	12,099.74

PLASTICS

1	2	Tucker 30-gal garbage can	2,894	11.69	33,830.86
2	3	Republic 1-qt uprt Freezette st	5,543	2.96	16,407.28
3	9	Republic 1-pt uprt Freezette st	4,991	2.96	14,773.36
4	—	Tucker 30-oz tmblr w/dispenser	22,752	0.62	14,106.24
5	—	Flambeau ice-e-pops	11,808	0.80	9,446.40
6	—	Republic ½-gl Freezette dcntr	4,153	2.24	9,302.72
7	—	Republic 1-gal Freezette rfrg bttl	3,193	2.69	8,589.17
8	—	Lustro covd 4-pc bwl st, lm	1,644	4.40	7,233.60
9	5	Republic 1½-pt uprt Freezette st	2,399	2.96	7,101.04
10	—	Tucker 16-oz tumbler w/disp	16,126	0.44	7,095.44
11	—	Sterilite corn skewers	7,949	0.89	7,074.61
12	—	Republic 2½-qt Freezette flt	2,082	3.14	6,537.48
13	—	Republic Freezette lrg mt kpr	1,914	2.96	5,665.44
14	—	Eagle 1-qt clear juice dcntr	5,266	1.07	5,634.62
15	—	Frigidaire ice cube tray	2,784	1.97	5,484.48

CLEANING & CHEMICALS

1	8	National Corn broom, economy	8,054	3.95	31,813.30
2	1	Roll-o-Matic sponge mop	1,872	10.97	20,535.84
3	11	Kellogg Captain Hook angl brm	4,008	3.86	15,470.88
4	7	Quickie automatic sponge mop	2,113	6.74	14,241.62
5	—	Gem plastic sponge mop	3,091	4.49	13,878.59
6	13	National corn broom, thrifty	2,610	5.30	13,833.00
7	—	Ballanoff copper dust pan	8,801	1.52	13,377.52
8	14	Gem deluxe sponge mop, w/scrub	1,632	7.64	12,468.48
9	—	National corn broom, janitor	1,452	8.45	12,269.40
10	—	Hoover uprite vac bags, 4-pak	13,104	0.90	11,793.60
11	—	National corn broom, 100% corn	1,572	7.46	11,727.12
12	12	Gem rayon wet mop w/scrub	2,647	4.22	11,170.34
13	—	Gem yard deck mop	3,288	3.14	10,324.32
14	—	Wring-o-Matic sponge mop	1,177	8.09	9,521.93
15	—	Eureka uprite vac bag, 2-pak	10,189	0.90	9,170.10

(Continued on page 37)

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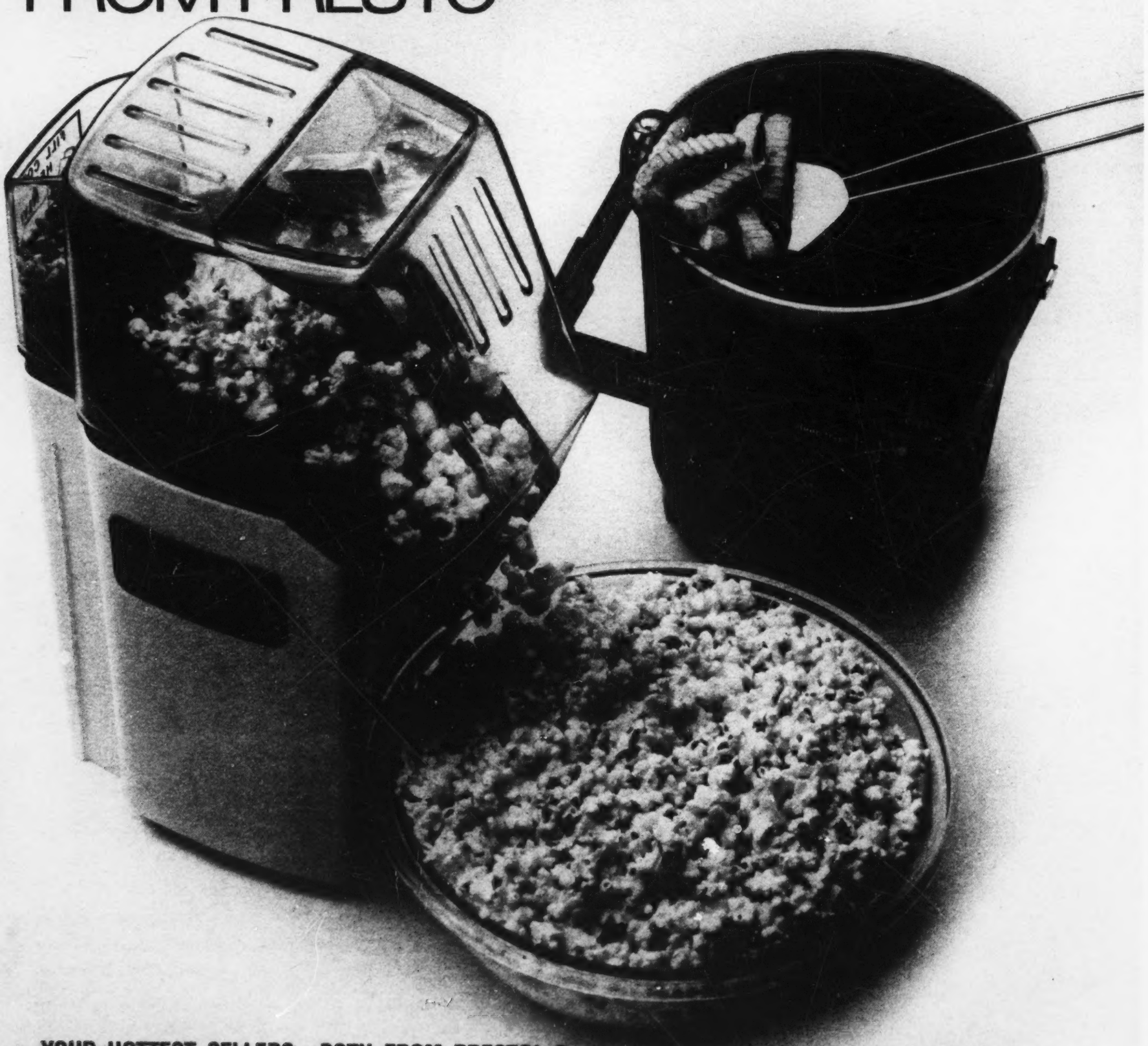

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PMA® PRODUCT MOVEMENT AUDIT

Coast Outlook

(Continued from page 33)

amber-colored Fireside bakeware, and the Wring-O-Matic sponge mop.

The current audit also spots the high-volume basics that are always of interest to discounters. Microwave cookware is a major seller on the West Coast, and three items geared to this use made the cookware listing, with the Nordic Micro-Go-Round moving up 10 notches to the No. 1 spot in cookware. Nordic's bacon/meat rack was No. 5 while Anchor Hocking's version was No. 12.

Four microwave items showed up on the Corning Ware listing: a browning grill retained the top place; a 10-in. browning skillet was No. 4; a microwave set was No. 8 and a 1-qt. cook 'n' pour bowl—an example of a specialty item designed for microwave oven use—was No. 15.

(Continued on page 37)

On the March

(Continued from page 33)

CLEANING & CHEMICALS
National corn broom, economy 1
Kellogg Capt Hook angle broom 3
Gem plastic sponge mop 5
National corn broom, thrifty 6
Ballanoff copper dust pan 7
Gem deluxe sponge mop w/scrub .. 8
National corn broom, janitor 9
Hoover uprite vac bags, 4-pak 10
National corn broom, 100% corn ... 11
Gem yard deck mop 13
Eureka uprite vac bags, 2-pak 14

BATH SHOP
Empire bowl brush, wood handle ... 6
Empire bath brush w/sponge 7
Borg scale, Feminique, brown 8
Kellogg bath brush, nylon 9
Borg scale, Feminique, almond ... 11
Borg scale, Williamsburg, white ... 12
Borg scale, Williamsburg, brown .. 13
Borg scale, Williamsburg, gold 14

RUBBERMAID
32-gal Roughneck can, avocado ... 2
30-gal Roughneck can, avocado ... 4
10¾" hi Rectang lndr bskt, almnd ... 7
15" hi Wastebasket, chocolate 9
10¾" hi Rectang lndr bskt, gold ... 10
22" hi Covd wastebasket, almond .. 11
Ice cube tray, single pack 12
22" hi Covd wastebasket, choc 13
22" hi Covd wastebasket, gold 15

CORNING WARE
Chef Master set, Wildflower 2
Chef Master set, Spice 3
10" Microwave browning skillet 4
10" Pie plate, French White 7
Microwave set 8
2½-qt Round cssrl, French White ... 9
3-pc French White set 10
Grab-It set 12
Casser-ette 14
1-qt Microwave Cook 'N' Pour 15

PYREX
4-qt Oblong bake dish 2
3-qt Bake dish w/basket 4
3-qt Utility dish, Fireside 6
2-qt Serving pitcher 10
1-cup Liquid measure 13

NEW ITEMS
TABLETOP
Corelle 16-pc set, gold 12
Durand 16-pc set, French Lily 13
Corelle 16-pc set, green 14

GLASSWARE
Libbey 24-pc Entertainer, Tawny 6
Libbey 24-pc Entertainer, crystal .. 15

COOKWARE
Dawo fluted tube pan, Teflon 13

GADGETS
Loft little sprout kit 13

CLEANING & CHEMICALS
Wring-O-Matic sponge mop 14

CORNING WARE
Snack-It set 5
Grab-A-Snack set 11

PYREX
2-qt Olng bk dsh, Fireside Originals . 3
2-qt Casser, Fireside Originals 4
8" sq cake dish, Fireside Originals . 15

BEST AVAILABLE COPY

HOUSEWARES

(Continued from page 34)

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
BATH SHOP					
1	1	Grayline large shower caddy	7,707	5.12	39,459.84
2	3	Grayline shower caddy	6,522	3.14	20,479.08
3	6	Selfix portable wll/hnd shwr	675	8.99	6,068.25
4	5	Kellogg bowl brush, plastic	6,167	0.98	6,043.66
5	2	Selfix shampoo spray	2,629	1.97	5,179.13
6	—	Empire bowl brsh, wd hndl	4,331	0.98	4,244.38
7	—	Empire bath brush w/sponge	1,755	2.33	4,089.15
8	14	Borg scale, Feminique, brwn	167	23.39	3,906.13
9	—	Kellogg bath brush, nylon	2,598	1.43	3,715.14
10	7	Borg scale, Futura, White	256	14.39	3,683.84
11	—	Borg scale, Feminique, almond	149	23.39	3,485.11
12	—	Borg scale, Williamsburg, white	155	19.79	3,067.45
13	—	Borg scale, Williamsburg, brown	149	19.79	2,948.71
14	—	Borg scale, Williamsburg, gold	148	19.79	2,928.92
15	8	Borg scale, Futura, gold	200	14.39	2,878.00
RUBBERMAID					
1	7	32-gal Roughneck can, choc	1,940	23.35	45,299.00
2	11	32-gal Roughneck can, avocado	1,475	23.35	34,441.25
3	1	30-gal Roughneck can, choc	1,344	23.35	31,382.40
4	—	30-gal Roughneck can, Avoc	1,093	23.35	25,521.55
5	9	10¾" high Rect Indry bskt, chc	4,686	5.21	24,414.06
6	3	12" Slide-out drawer, almond	2,315	8.95	20,719.25
7	—	10¾" high Rect Indry bskt, almnd	3,654	5.21	19,037.34
8	5	16" Slideout drawer, almnd	1,894	9.85	18,655.90
9	—	15" high Wastebasket, choc	4,158	4.31	17,920.98
10	—	10¾" hi Rct angl Indry bskt, gld	3,201	5.21	16,677.21
11	—	22" hi Covered wstbskt, almnd	2,171	7.55	16,391.05
12	—	Ice cube tray, single pak	26,325	0.62	16,321.50
13	—	22" high Covered wstbskt, choc	2,148	7.55	16,217.40
14	6	Twin turntable, almond	4,101	3.86	15,829.86
15	—	22" high Covered wstbskt, gld	1,987	7.55	15,001.85

PMA®

PRODUCT MOVEMENT AUDIT

Coast Outlook

(Continued from page 34)

Housewares that are used for the summer canning and home entertainment seasons also scored high on the PMA, particularly in the gadgets, plastics and glassware categories.

Home canning items included a Foley coated jar lifter and a Trend 4-qt. steamer-basket as Nos. 3 and 8 on the gadgets listing. Neither was on the previous audit. General Housewares' Granitware 21-qt. canner jumped into No. 2 on the cookware audit after failing to show up on the previous report.

Home entertainment items were even more pronounced in the latest PMA.

Libbey 24-pc. Entertainer sets in crystal and Tawny tones debuted as Nos. 6 and 15 on the glassware report along with a 7-oz. Margarita glass as No. 4, while ice cube trays showed up on plastics (Frigidaire tray as No. 15) and Rubbermaid (as No. 12). A Flambeau Ice-e-pop reappeared on plastics as No. 5, and an Irvin six-wing corkscrew returned as No. 10 on the gadgets report.

Discounters and other retailers, while keeping a sharp eye out for new products, haven't ignored the staples, particularly those basics that are important on a seasonal basis and have to be available in depth at the start of a season to capture maximum volume.

It's this concern for ongoing current sales that's behind the strong showing on the PMA of housewares targeted for canning and home entertainment. This concern also was the key to such other items as seven scales appearing on the bath shop report and six items with non-stick finishes showing up on the cookware audit.

As for the new items, perhaps the key products to debut on the current PMA were Corning Glass's Corelle 16-pc. sets, with gold and green as Nos. 12 and 15 (white and Woodland just failed to make the top 15).

The 16-pc. sets for Corelle are part of the manufacturer's plan to offer a broad array of set sizes to appeal to as wide a market as possible. Thirty-five-piece sets will be introduced for the first time at the show for Corelle as the large count parallels the 43-pc. sets introduced at the January housewares show for Expressions.

At the same time, Corning Glass will introduce Traditions as another dinnerware line, with sets available in 45-pc. and 20-pc. versions. Four patterns will be shown, including Spice which matches the Spice design used on Corning Ware.

The bottom line is that the

(Continued on page 64)

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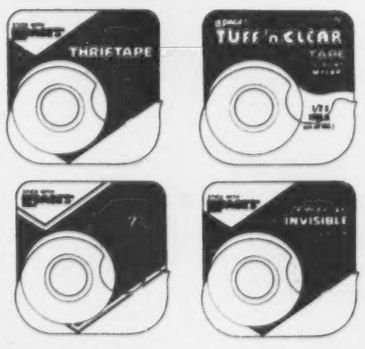

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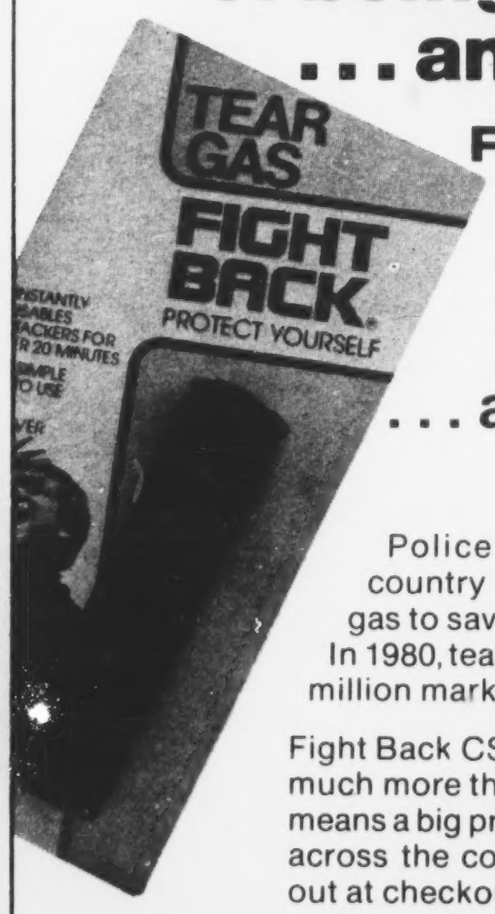

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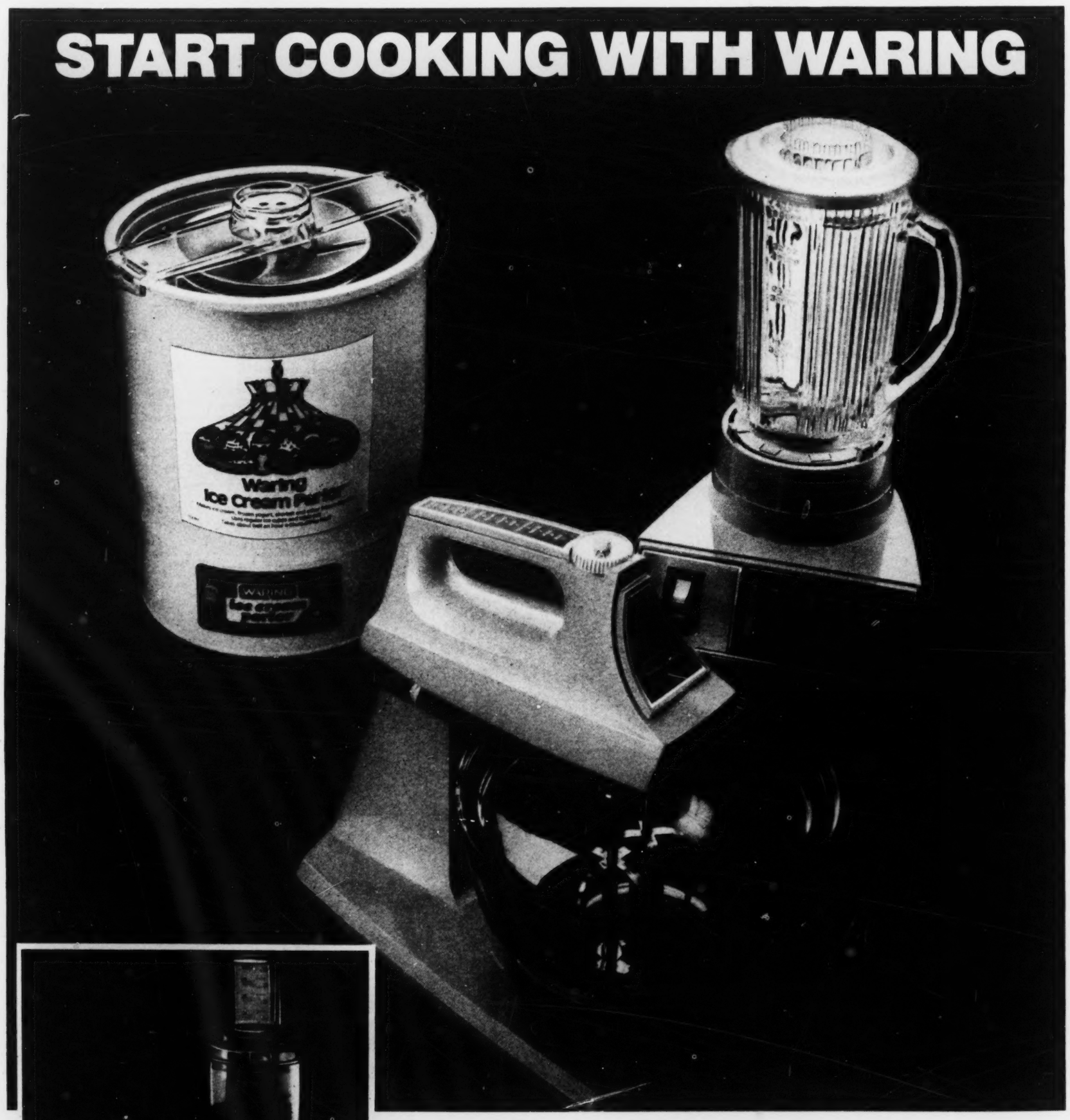

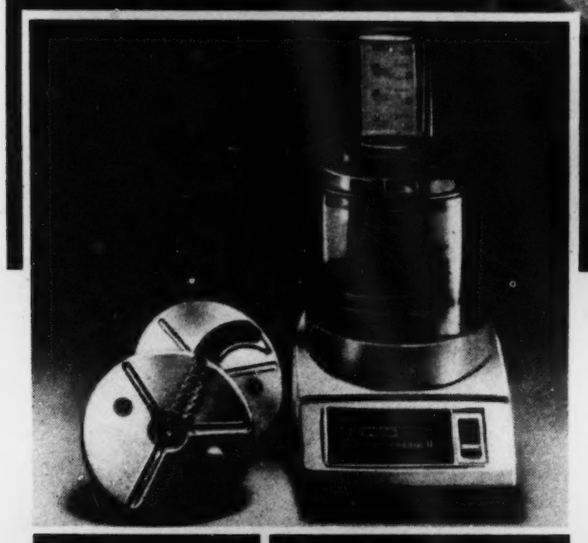

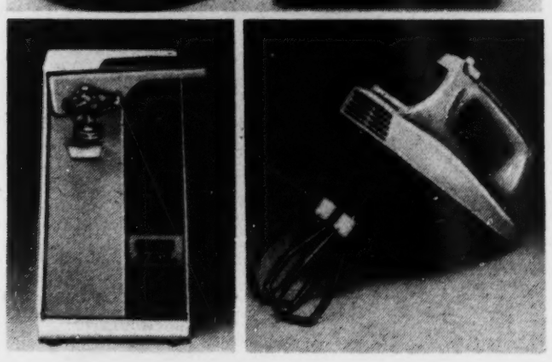

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Housewares Show

Rose's Canning, Freezing Items Hottest in Dept.

HENDERSON, S.C.—Rose's is using the recent resurgence in canning and freezing sales to provide its housewares department with a strong traffic draw that also reaps a reasonable profit base.

Buyer Larry Branch proclaimed that the category was the hottest in the chain's housewares department this year and expected to gain a 33.3% sales increase in '81. The category also rang up a 33.3% sales increase the previous year compared to flat sales the year before.

The category is promoted three times during the June to September canning season, with gross margins averaging around 25% on ad. The chain competitively prices pressure cookers—which are stretched from the off-season selection of 4-, 6-, 8- and 12-qt. cookers to include the 14- and 16-qt. cookers during the summer months. Gross margins on cookers range from 20% to 25% everyday, and are priced from $23.97 to $49.95 during the season.

The category's best traffic draw is its wide assortment of freezer containers and jars: pint regulars everyday priced at $3.77, and on sale for $2.77; wide-mouth regulars, everyday $4.77, on sale for $3.77. The chain runs close to the cost (between a 15% and 18% gross margin) on these items.

Other accessories such as the funnels, stainless steel bowls and colanders provide the profit power to the category, pulling in 40% to 45% gross margins and rarely participating in the promotional activity.

Coast Outlook

(Continued from page 37)

manufacturer will now offer dinnerware in four different count sets and in 16 different designs, include three patterns that match either Corning Ware or Pyrex designs. (Another design, Blue Heather, was discontinued in January.)

Despite the dominance of the tabletop area by Corning dinnerware, discounters and other retailers continue to merchandise other lines to offer consumers the broadest possible choice. That there is a market for other dinnerware is seen in Durand's French Lily set debuting on the tabletop report as No. 13.

Among the other new items was a Wring-O-Matic sponge mop as No. 14 in cleaning and chemicals. Heavy TV ads generated demand for this type of item, with Wring-O-Matic capturing sales because of the lower price as compared to TV promoted products.

An overview shows that the current report contained 13 new items and 83 that have moved up five or more places from the previous report. These 83—55% of the total PMA—are an unusually large number of high risers. They show that housewares, while predominantly a basic category, has lots of room for wide fluctuations in consumer demand, both on a seasonal basis and in response to fashion trends.

PMA®

PRODUCT MOVEMENT AUDIT

New Fashions, Staples Spark Northeast Sales

By Harold Rubin
President,
HalMar Inc., Distributors

New items in fashion housewares, like the strawberry look in glassware and dinnerware, along with the strong showing of staples like disposable cookware, marked the Product Movement Audit for the first five months of 1981.

This mix, which generated the steady housewares sales reported by discounters and other retailers during the past half year is also seen as sparking the expected stronger movement during the next six months, particularly as manufacturers play up the broad array of new items due at the housewares show.

A hint of what's coming can be found on the PMA for the Jan. 1 through May 28 period. Strawberry Shortcake was a new design on an Anchor Hocking 10½-oz. mug that showed up for the first time on the glassware audit as No. 6.

Strawberry as a fashion was also evident in the tabletop category where Corning Glass' Expressions 20-pc. dinnerware set in this design moved up two notches from the last report to No. 6 in the latest audit.

These two items are just the tip of a larger trend which has seen both the Strawberry Shortcake character and the strawberry look appearing on virtually any housewares item that can be imprinted with a design. This ranges from mugs and lunchboxes to placemats and tray tables.

The importance of this trend goes beyond the strong consumer interest in this fashion.

(Continued on page 50)

Up 'n' Coming

The following "New Products" chart lists items (and their rank) that are appearing on the HalMar PMA for the first time. The "High Risers" chart lists items (and their rank) that have moved up five or more places from the previously published audit.

Category/Items	Rank
NEW PRODUCTS	
TABLETOP	
Corelle 16-pc set, gold	1
Corelle 16-pc set, Woodland	2
Corelle 16-pc set, green	3
Corelle 16-pc set, blue	9
Corelle 16-pc set, white	12
GLASSWARE	
Anchor Hocking 10½-oz mg, St Stk	6
Libbey 12-pc set, Spirits & Ale	7
Libbey 12½-oz bv, Brkshr, 8-pc	10
Anchor Hocking 1-lt Gst br mg	13
Libbey 25-pc set, Tavern 25	15
CORNING WARE	
Du-ette set, Cornflower	1
Snack-It set	4
French 'N' Fry set	6
Grab-It set	7
PYREX	
2-qt Oblg bk dsh, Frsd Bkwr	6
2-qt Casserole, Frsd Bkwr	8

(Continued on page 50)

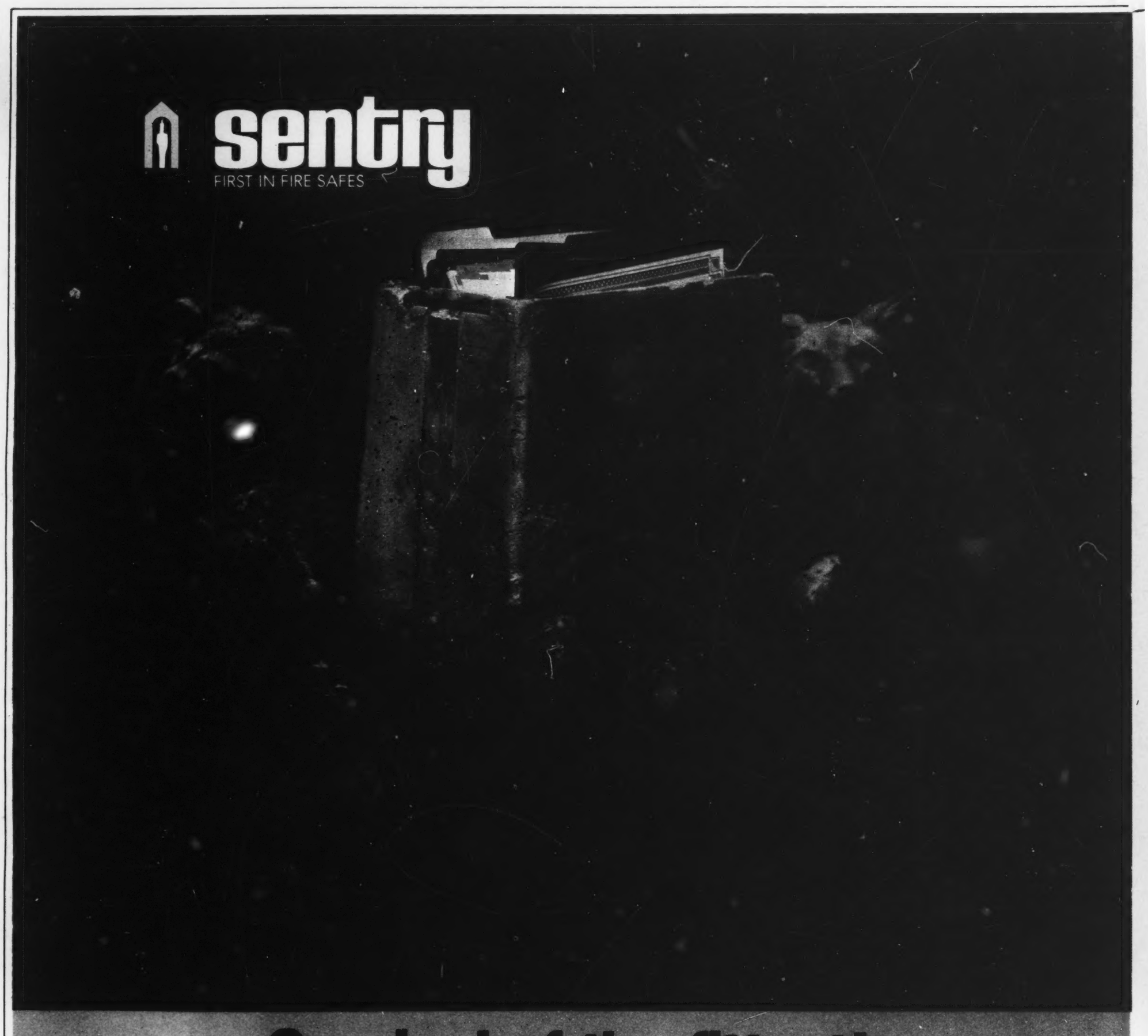
HOUSEWARES

These nonelectric housewares figures for the January-May 28 period, supplied by HalMar Inc., distributors, Holyoke, Mass., cover more than 500 stores, including 400 full-line discount stores from New England to the Carolinas. Average retail prices reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
		CORNING WARE			
1	—	Du-ette set, Cornflower	6,695	14.39	96,341.05
2	14	Sidekick	9,381	8.09	75,892.29
3	—	Casser-ette	8,911	7.55	67,278.05
4	—	Snack-It set	4,761	10.97	52,228.17
5	1	3-pc French White set	882	38.69	34,124.58
6	—	French 'N Fry set	796	38.69	30,797.24
7	—	Grab-A-Snack set	2,678	10.97	29,377.66
8	9	Grab-It set	2,613	10.61	27,723.93
9	5	Microwave set	545	44.09	24,029.05
10	—	Microwave browning grill	927	24.74	22,933.98
		PYREX			
1	5	3-qt Oblong bake dish	7,426	5.21	38,389.46
2	—	Bake, Serve & Store set, gold	2,592	13.49	34,966.08
3	3	3-qt Bake dish w/basket	2,265	14.39	32,593.35
4	9	2-qt Bake dish w/basket	3,555	8.99	31,959.45
5	13	Bake, Serve & Store set, Woodland	2,359	13.49	31,822.91
6	—	2-qt Oblong bake dish, Frsd Bkwr	1,712	15.47	26,484.64
7	11	1½-qt Casserole w/basket, Fireside	3,253	8.09	26,316.77
8	—	2-qt Casserole, Fireside Bakeware	1,371	15.47	21,209.37
9	—	8" sq cake dish w/basket	2,506	8.09	20,273.54
10	—	6-oz Custard cup	6,105	3.14	19,169.70

(Continued on page 50)

Caldor, Natick, Mass., uses an open look for cookware by displaying samples of sets on gondola shelves, while samples of individual cookware are shown on top of boxed goods. *(DSN photo)*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HOUSEWARES

(Continued from page 43)

COOKWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Ekco 13" oblong ck pn, Bkr's Scrt	10,059	3.41	34,301.19
2	2	Ekco 17¼ cookie sht, Bkr's Scrt	6,935	3.86	26,769.10
3	4	Ekco 12-cup muffin pn, Bkr's Scrt	6,456	4.13	26,663.28
4	3	Ekco 15¼" cookie sht, Bkr's Scrt	6,637	3.41	22,632.17
5	5	Ekco 14¼" roast pan, Bkr's Scrt	4,136	4.67	19,315.12
6	—	Ekco pizza pan, Baker's Secret	5,502	3.41	18,761.82
7	7	Ekco 9¼" loaf pan, Baker's Secret	5,867	3.05	17,894.35
8	6	Ekco 17¼" cookie sheet	6,312	2.42	15,275.04
9	—	Ekco 6-cup muffin pn, Bkr's Scrt	4,388	3.41	14,963.08
10	9	Ekco 13¼" cookie sht, Bkr's Scrt	5,066	2.69	13,627.54
11	15	Nordic Ware 12-cup bundt pn, gld	1,766	7.64	13,492.24
12	—	Ekco 10¾" bsct/brwn pn, Bkr's Scrt	4,682	2.69	12,594.58
13	—	Enterprise Alumn whsting tkttl, gld	1,616	6.65	10,746.40
14	—	Ekco 8" round ck pn, Bkr's Scrt	4,781	2.24	10,709.44
15	—	Anchor Hocking microwave bcn rck	1,701	6.29	10,699.29

GADGETS

1	1	Swing-A-Way portbl bnd cn opnr	5,304	3.86	20,473.44
2	3	Rhodes timer, white	2,366	7.19	17,011.54
3	5	Rhodes timer, gold	1,971	7.19	14,171.49
4	4	Ekco 3-way can opener	9,180	1.52	13,953.60
5	2	Ekco can opener w/bottle opener	14,501	0.89	12,905.89
6	12	Ekco 8-wing egg beater	2,718	4.04	10,980.72
7	10	Ekco 2⅛" barrel rolling pin	2,752	3.59	9,879.68
8	8	Ekco peeler	15,904	0.62	9,860.48
9	—	Bonny Scoop Master	2,099	4.67	9,802.33
10	9	Ekco can opener, plastic handle	4,054	2.24	9,080.96
11	—	Bonny pastry brush	4,539	1.97	8,941.83
12	7	Chaney meat thermometer	4,291	2.06	8,839.46
13	—	Range Kleen 6" reflector pan	3,478	2.47	8,590.66
14	—	Range Kleen 8" reflector pan	2,899	2.92	8,465.08
15	—	Gemco food chopper	3,701	2.24	8,290.24

TABLETOP

1	—	Corelle 16-pc set, gold	10,595	31.49	333,636.55
2	—	Corelle 16-pc set, Woodland	10,273	31.49	323,496.77
3	—	Corelle 16-pc set, green	9,971	31.49	313,986.79
4	6	Expressions, 20-pc set, Wildflower	3,299	63.89	210,773.11
5	10	Expressions, 20-pc set, Indian Summer	3,210	63.89	205,086.69
6	8	Expressions, 20-pc set, Strawberry	2,802	63.89	179,019.78
7	4	Dimension IV 16-pc set, Cinnamon	3,717	38.69	143,810.73
8	11	Expressions 20-pc set, Meadow	2,178	63.89	139,152.42
9	—	Corelle 16-pc set, blue	2,947	31.49	92,801.03
10	7	Dimension IV 16-pc set, Citrus	2,143	38.69	82,912.67
11	5	Dimension IV 16-pc set, Almond	1,441	38.69	55,752.29
12	—	Corelle 16-pc set, white	1,776	29.69	52,729.44
13	3	Corelle 20-pc set, Woodland	1,203	38.69	46,544.07
14	9	Corelle 20-pc set, blue	875	38.69	33,853.75
15	2	Corelle 20-pc set, green	704	38.69	27,237.76

GLASSWARE

1	4	Anchor Hocking 24-pc st, Nwprt Crstl	2,359	12.59	29,699.81
2	1	Anchor Hocking 24-pc st, Nwprt gld	2,269	12.59	28,566.71
3	—	Anchor Hocking 24-pc st, Shrwd Brn	2,277	12.14	27,642.78
4	—	Anchor Hocking 24-pc st, Shrwd Crstl	2,123	12.14	25,773.22
5	—	Anchor Hocking Snoopy Bank	12,071	1.52	18,347.92
6	—	Anchor Hocking 10½-oz mg, Stwby Sh	11,164	1.52	16,969.28
7	—	Libbey 12-pc set, Spirits & Ale	846	17.09	14,458.14
8	—	Libbey 12-oz bev, Oriental, 8-pc	1,740	8.00	13,920.00
9	—	Libbey 12-oz red wine, Citation	2,054	6.11	12,549.94
10	—	Libbey 12½-oz bev, Berkshire, 8-pc	1,404	8.63	12,116.52
11	5	Anchor Hocking 7-pc tbl srvc st, prsct	1,326	8.99	11,920.74
12	3	Anchor Hocking 11-pc tbl srvc st, prsct	992	11.69	11,596.48
13	—	Anchor Hocking 1-liter Gusto br mg	2,980	3.77	11,234.60
14	—	Anchor Hocking 12-oz bev, Roses	2,872	3.86	11,085.92
15	—	Libbey 25-pc set, Tavern 25	632	17.09	10,800.88

(Continued on page 52)

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PMA® PRODUCT MOVEMENT AUDIT

New Fashions

(Continued from page 43)

It can also be found in the more sophisticated marketing being done by a growing number of housewares manufacturers as they cross-merchandise and relate different products.

Strawberry Shortcake is being used to relate mugs to vacuum bottles to lunchbox kits, etc. But, the tie-in idea is also showing up in the cross-merchandising of the same design or pattern for tabletop and cookware products, for example.

This marketing being undertaken by a number of manufacturers means that discounters and other retailers can now use fashion to more easily upscale their housewares department. Conventional department stores have stepped up their housewares departments by putting together related items on their own. The cross-merchandising now being carried out by manufacturers should enable discounters to do the same thing in their self-service environment.

Discounters, in carrying out

(Continued on page 52)

Up 'n' Comers

(Continued from page 43)

HIGH RISERS

GLASSWARE
Anchor Hocking 24-pc st, Shrd Brn . 3
Anchor Hocking 24-pc st, Shrd Crsl . 4
Anchor Hocking Snpy Bnk 5
Libbey 12-oz bev, Orntl, 8-pc 8
Libbey 12-oz rd wn, Citation 9
Anchor Hocking 12-oz bev, Rses . . 14

COOKWARE
Ekco pizza pan, Bkr's Scrt 6
Ekco 6-cp mffn pn, Bkr's Scrt 9
Ekco 10¾" bct pn, Bkr's Sct 12
Enterprise alm whst tekttl, gld 13
Ekco 8" rnd ck pn, Bkr's Scrt 14
Anchor Hocking mcrwv bcn rck . . . 15

GADGETS
Ekco 8-wing egg beater 6
Bonny Scoop Master 9
Bonny pastry brush 11
Range Kleen 6" reflctr pan 13
Range Kleen 8" rflctr pan 14
Gemco food chopper 15

PLASTICS
Fesco 32-gal Bruiser trsh cn 1
Fesco 22-gal Bruiser trsh cn 2
Lustro-Ware 11-qt rnd dcntr 4
Foley nylon spatula 5
Dmnd Mkt divd plt, Ssm Strt 6
Loma 32-gl rfgrtr cntr locklid 9
Eagle straws, Mickey Mouse 12

CLEANING & CHEMICALS
Texize 32-oz Fantastic refill 2
Johnson 14-oz Wood Pledge 3
Texize 32-oz Glss Pls w/pstl 6
Drackett 10-oz Enddust 8
Texize 32-oz Glass Plus, refill 10
Clorox 32-oz Liquid Plumber 11

BATH SHOP
Magnolia padded tlt st, blck 4
Magnolia padded tlt st, brwn 5
Magnolia sqr bck tlt st 10
Selfix towel ring 11
Selfix two hooks 14

RUBBERMAID
10¾" hi Rct lndr bskt, almnd 3
24½" hi Slf-clsg wstbskt, choc 4
22" hi Covered wstbskt, choc 5
10¾" hi Rctng lndry bskt, yllw 10
22" hi Covered wstbskt, gld 11
22" hi Covered wstbskt, yllw 15

CORNING WARE
Sidekick 2
Casser-ette 3
Microwave browning grill 10
6-cup Teapot, Spice 13
Microwave rack 15

PYREX
Bake, serve & store set, gld 2
Bake, srv & str st, Wdlnd 5
8" sq Cake dish w/bskt, Frsd 9
6-oz Custard cup 10
1-qt Liquid measure 13
1-pt Liquid measure 14

PMA®

PRODUCT MOVEMENT AUDIT

New Fashions

(Continued from page 50)

any fashion tradeup of housewares, shouldn't lose sight of the basics that still account for most of the department's action.

Despite the appearance of 16 new items in four categories—tabletop, glassware, Corning Ware and Pyrex—basic housewares accounted for 134 products on the PMA.

These items make up a cross section of the housewares relied on by discounters for steady, productive sales. The bath shop is a good case in point. The Selfix portable shower spray, No. 2, and shampoo spray, No. 7, have appeared on almost every report. At the same time, toilet seats have become a basic in response to consumers' becoming more interested in home maintenance. The current report lists five Magnolia toilet seats, one molded, three padded and one square-back model.

The same array of staples that has been found regularly on PMA reports in the past, along with items that have become basics in the past year or so, can be found in other categories.

The plastics examples include Eagle SuperSeal containers in the Nos. 13 and 14 spots, and Demand Marketing's Sesame Street plate in No. 6 as the newer staples, joining such items as Republic Freezette containers, Nos. 8 and 10, that have appeared steadily in past audits.

Cleaning and chemicals perhaps has a greater number of items that show up repeatedly on the PMA than most other categories. Johnson's line of Pledge wood polishers, 3M Scotch Guard, Drackett's Drano and Endust, and Texize's Fantastic cleaner are chemicals that discounters and other retailers regularly turn to to draw traffic.

The close scrutiny of basics includes tracking fashion in the case of Rubbermaid. The current report has chocolate as the dominating color on six items with gold on three, yellow on two and almond, white and blue on one each.

What hasn't yet shown up on the Rubbermaid report is the one color seen as the new fashion for fall: red. Red's appearance reflects the start of a swing away from earth tone shades to primary colors as the new fashion direction for plastic goods and related housewares.

As for the new items that made the report, the glassware listing includes two sets that are geared for in-home entertaining: Libbey's 12-pc. Spirits & Ale and 25-pc. Tavern 25 sets. These sets feature larger-size glassware. Large size is also behind the showing of Anchor Hocking's 1-liter Gusto beer mug, which debuted on the report in the No. 13 spot.

While consumers went after larger sizes in glassware, small was important in tabletop, where Corning Glass' Corelle 16-pc. sets in five different patterns premiered as Nos. 1, 2, 3, 9 and 12. These smaller-quantity sets beat out 20-pc. Corelle sets, which had long been a sta-

(Continued on page 61)

HOUSEWARES

(Continued from page 50)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	Fesco 32-gal Bruiser trash can	630	20.69	13,034.70
2	—	Fesco 22-gal Bruiser trash can	858	14.39	12,346.62
3	9	Travco spaghetti server	5,387	1.16	6,248.92
4	—	Lustro-Ware 11-qt round decanter	3,101	1.97	6,108.97
5	—	Foley nylon spatula	6,707	0.89	5,969.23
6	—	Dmnd Mrktng dvdd plt, Sesame Street	1,635	3.23	5,281.05
7	8	Lustro-Ware dust pan	4,162	1.25	5,202.50
8	2	Republic 1-qt uprite freezette	1,721	2.96	5,094.16
9	—	Loma 32-gal refrigerator cntn, locklid	392	12.32	4,829.44
10	2	Republic 1-pt uprite freezette	1,603	2.96	4,744.88
11	6	Lustro-Ware 11-qt hvy dty pl, alm	1,778	2.60	4,622.80
12	—	Eagle straws, Mickey Mouse	4,796	0.89	4,268.44
13	13	Eagle 80-oz oblong SuperSeal	2,069	2.06	4,262.14
14	11	Eagle 44-oz oblong SuperSeal	2,561	1.61	4,123.21
15	7	Tucker 22-gal trash can	522	7.55	3,941.10

CLEANING & CHEMICALS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3	Johnson 14-oz Pledge, lemon	10,356	2.96	30,653.76
2	10	Texize 32-oz Fantastic refill	10,658	2.51	26,751.58
3	—	Johnson 14-oz Wood Pledge	6,240	2.96	18,470.40
4	5	Johnson 14-oz Pledge	5,426	2.96	16,060.96
5	1	3M 16-oz Scotch Guard	2,801	5.39	15,097.39
6	—	Texize 32-oz Glass Plus w/pistol	5,553	2.15	11,938.95
7	7	Drackett 26-oz Drano	3,192	3.50	11,172.00
8	—	Drackett 10-oz Endust	2,952	3.77	11,129.04
9	4	White Labs 160-oz X-14 mldw rmvr	3,538	3.14	11,109.32
10	—	Texize 32-oz Glass Plus, refill	6,384	1.70	10,852.80
11	—	Clorox 32-oz Liquid Plumber	5,466	1.97	10,768.02
12	8	Johnson 27-oz Future	2,414	4.04	9,752.56
13	6	Liquid Gold 14-oz aerosol	2,465	3.95	9,376.75
14	12	Drackett 48-oz Vanish	3,756	2.33	8,751.48
15	9	Glamorene 24-oz Spray 'N Vac	2,200	3.50	7,700.00

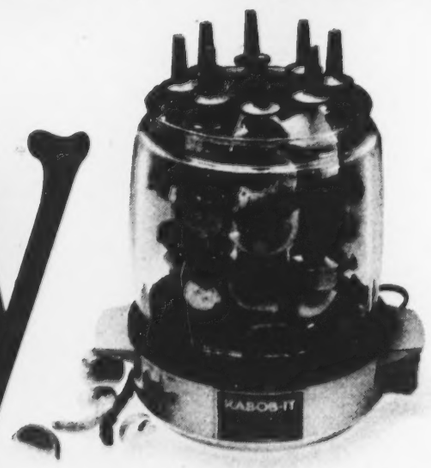
BATH

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	Magnolia molded toilet seat, white	2,480	9.44	23,411.20
2	1	Selfix portable shower spray	1,744	8.95	15,608.80
3	7	Magnolia padded toilet seat, white	888	17.54	15,575.52
4	—	Magnolia padded toilet seat, black	667	17.54	11,699.18
5	—	Magnolia padded toilet seat, brown	648	17.54	11,365.92
6	5	Selfix twin hooks, 2-pk	9,116	1.16	10,574.56
7	3	Selfix shampoo spray	5,108	1.97	10,062.76
8	6	Ekco 18" towel bar, chrome	3,605	2.24	8,075.20
9	8	Selfix toilet tissue holder	5,368	1.43	7,676.24
10	—	Magnolia square back toilet seat	590	12.59	7,428.10
11	—	Selfix towel ring	4,831	1.43	6,908.33
12	12	Ekco toilet tissue holder, chrome	3,174	2.15	6,824.10
13	—	Selfix toothbrush/tumbler holder	5,531	1.16	6,415.96
14	—	Selfix two hooks	7,912	0.80	6,329.60
15	10	Ekco 24" towel bar, chrome	2,295	2.60	5,967.00

RUBBERMAID

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	2	10¾" high rect lndry bskt, choc	4,071	5.21	21,209.91
2	6	10¾" high rect lndry bskt, gld	3,443	5.21	17,938.03
3	—	10¾" hi rect lndry bskt, almnd	3,296	5.21	17,172.16
4	—	24½" hi self-closing wstbskt, choc	2,180	7.55	16,459.00
5	—	22" hi covered wastebasket, choc	2,104	7.55	15,885.20
6	3	Bath mat, white	5,266	2.96	15,587.36
7	7	11½" dp square dishpan, choc	5,039	2.87	14,461.93
8	11	Bath mat, blue	4,773	2.96	14,128.08
9	1	Bath mat, choc	4,769	2.96	14,116.24
10	—	10¾" hi Rectangle lndry bskt, yllw	2,627	5.21	13,686.67
11	—	22" hi Covered wastebasket, gold	1,639	7.55	12,374.45
12	9	Deluxe dish drainer, choc	2,163	5.66	12,242.58
13	—	Wrap and bag organizer	2,697	4.49	12,109.53
14	8	5¼" deep Dishpan, gold	4,208	2.87	12,076.96
15	—	22" hi Covered wastebasket, yellow	1,592	7.55	12,019.60

Wear-Ever's the way to cook today.



Expanded Programs Tested In Dinnerware, Glassware, Plastics by Magic Mart

LITTLE ROCK, Ark.—Magic Mart, planning to expand its housewares department by fall, is testing new dinnerware, glassware and plastics programs.

If successful, the tests will allow the chain to double its dinnerware assortment to approximately 20 sku's, add a 4-ft. section of bulk glassware—stemware, beer mugs and bowls—and introduce a plastic storage line into the department.

The expanded programs will strengthen and unify the department, buyer Tom Brewer said, particularly in dinnerware where the current program "is too fractured." Expanding dinnerware will flesh the section out into more of a department that can then be clearly identified, he said.

The new program—currently being tested in 10 stores, with a chainwide rollout due in late summer/early fall—will double the chain's dinnerware assortment from the 10 sku's currently in stock and lift the top-of-the-line price point from "the mid-$30 range" to roughly $39.99 for a 20-pc. stoneware set. The larger assortment may eventually lead to a new presentation, but for now the new items will be stocked alongside existing products, he added.

"Forty dollars is the psychological barrier in housewares," Brewer said. "Our customers are reluctant to go beyond that in this department."

In the expanded category, stoneware dinner service will account for the greatest number of sku's; ironstone will fill in the $20 price point area sku's, and Corelle will make up the difference.

Brewer said he is currently looking at Corning's new Traditional patterns: "They look good and we'll probably get involved in the program," he said, trading off basic Corelle lines for space and mix control.

Brewer will continue to confine his assortment to 20-pc. sets, "again, because the larger sets take us over that $40 price point," and will stock completer sets in solid colors that will go with the pattern stoneware that he carries.

In glassware, the chain will be testing a 4-ft. section of loose (unpackaged) Durand stemware, which will retail for around $1.50 apiece. Mixed into the test section, Brewer said, is a sprinkling of beer mugs and bowls: "Everyday items, not giftware." The mugs will also carry an under-$2 price tag, in part because "we carried $2 and $3 coffee mugs at one time, and they didn't do very well for us," he said.

The chain is also experimenting with the new high-tech storage containers and bins, and at presstime had just moved one 4-ft.x 12-ft. base full of the crates and bins (in coordinated colors) onto the floors of five stores.

The chain also plans to do some experimenting with Rubbermaid's hot-color plastic plates and mugs.

Meijer's Serves Up a Heaping Portion of Dinnerware

High-profile Meijer's Thrifty Acres uses a middle shelf for its 20-plus-sku ironstone and stoneware assortment, then masses walkaway stock above and below. *(DSN photo)*

New Fashions

(Continued from page 52)

ple on the audit. The 20-pc. sets were Nos. 13, 14 and 15.

The interest in 16-pc. sets was presaged earlier this year with the introduction of Dimension IV in 16-count sets. These items were No. 7, 10 and 11 on the current report.

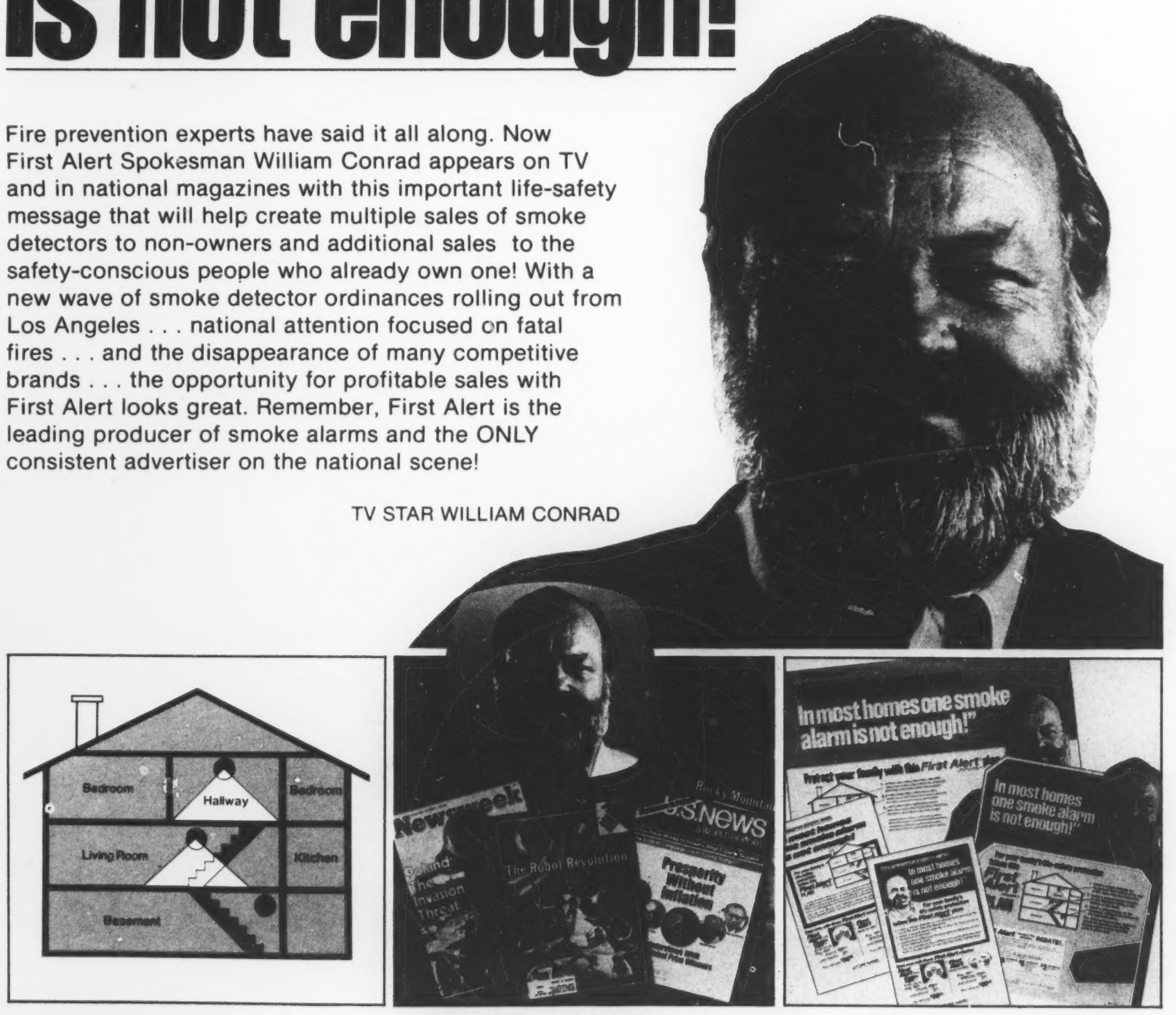
The reason for the stronger showing of 16-pc. sets, of course, is the lower retail price. But, shoppers are still willing to spend more dollars for fashion as is evident from 20-pc. higher-priced Expressions sets capturing the Nos. 4, 5, 6 and 8 places, beating out most of the Dimension IV items and all of the 20-pc. Corelle listings.

Fashion was also a factor in the appearance of two new Pyrex Fireside products, a 2-qt. oblong bake dish and a 2-qt. casserole in metal servers. These are further extensions of the Fireside line.

"I'm telling millions that one smoke alarm is not enough!"

Fire prevention experts have said it all along. Now First Alert Spokesman William Conrad appears on TV and in national magazines with this important life-safety message that will help create multiple sales of smoke detectors to non-owners and additional sales to the safety-conscious people who already own one! With a new wave of smoke detector ordinances rolling out from Los Angeles . . . national attention focused on fatal fires . . . and the disappearance of many competitive brands . . . the opportunity for profitable sales with First Alert looks great. Remember, First Alert is the leading producer of smoke alarms and the ONLY consistent advertiser on the national scene!

TV STAR WILLIAM CONRAD



The First Alert Plan Sells every-level protection. For the typical two-story house it recommends Escape Light™ smoke detectors on first and second floors, plus a regular First Alert in the basement.

TV and National Magazines spearhead this campaign, which does a great sell-up job for you on the higher-priced, higher-profit First Alert with Escape Light™ Smoke and Fire Detector.

Strong Promotional Support includes ad slicks, giant full-color banner, a full-color easel-back P.O.S. display card and consumer rebates.

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5% August Sales Hike Seen - P. 12

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Indianapolis Shoppers Prefer:

Shoppers in Indianapolis interviewed as they left K mart and Target preferred K mart by a margin of 57.3% to 42.7%, citing lower prices as the primary reason. *(DSN research)*

K mart Withstands Invasion Of Indianapolis by Target

By Christine Haggerty

INDIANAPOLIS—Target's takeover of the Ayr-Way sites hasn't toppled K mart's strong consumer franchise here, but customers of both chains say they have been treated to an improved brand of merchandising since Target's arrival three months ago.

Discount Store News returned to Indianapolis this month to conduct the second in a series of consumer attitude surveys, attempting to determine Target's impact on the marketplace. The first survey was made this February while Target was operating its newly bought Indianapolis stores under their former Ayr-Way name (DSN, Feb. 9, 1981).

The July survey showed that even though Target seems to have moved smoothly into the sites without displacing Ayr-Way's existing customer base, it has not affected K mart's market share. K mart has built a strong reputation for having the lowest prices in town, and this was the major reason why shoppers preferred K mart. The chain's recent store remodeling and merchandise upgrading have also served to counteract Target's potential allure.

Among the highlights of the shopper survey were:

- K mart and Target shoppers both visit their respective stores around once a week. Ayr-Way customers had shopped an average of 2.5 times a month. This increased frequency may show more price comparison shopping taking place between K mart and Target than there was between K mart and Ayr-Way, or that greater advertising frequency has picked up traffic.
- K mart is the price leader of the two chains. On a 27-item-for-item price comparison, K mart's marketbasket total was $222.04, while Target's totaled $247.20. Target's prices (compared to Ayr-Way prices, for the same 27 items last February) jumped 5.8%, while K mart's only increased 1.4%.

(Continued on page 23)

K mart Aggressively Seeks Brand Name Apparel

NORTH BERGEN, N.J.—"Unlimited Open To Buy" was the headline on an ad run by K mart Apparel in the RTW classifieds of *Women's Wear Daily.*

K mart's efforts to obtain more designer and brand-name apparel for both remodeled and traditional stores makes an across-the-board appeal for name-brand merchandise, off-price specials and job lots in dresses, coats and jackets, lingerie, tops, bottoms, sportswear and children's RTW, naming each buyer in those categories and also listing a name and number at the California buying office.

The ad signals K mart's decision to move aggressively into backdoor resources for brand names that will support and enhance the new image of its apparel departments.

A quick survey of K mart stores in Indianapolis, Michigan and New Jersey by *DSN* reporters showed designer jeans in ladies, men's and girls' departments; name-brand sports footwear; some Levi and a few Izod shirts for men, but not enough top names to create a brand-name image for the stores.

The Izod shirts, for example, were down to six pieces in the Novi, Mich., store; three medium blue, two brown and one dark blue, each priced at $16.88. These were the "worst-selling colors" according to an employee who had no idea when more Izods might arrive. The white and light-blue shirts, however, had moved very quickly.

The Novi store also had about a half dozen Nike shoes ($26.96 each), three pairs of Wilson shoes ($19.96) to go with a large assortment of Converse ($15.96), and some Pumas at $16.00 (men's) and $18.00 (women's).

(The Novi store also had the Atari video game at $148, and two Whirlpool microwave ovens —the RJM 7700 at $429 and the RJM 7100 for $279—in part of a hard lines brand tradeup move reported by *DSN* in an earlier issue.)

In New Jersey, the available brand-name and designer merchandise varied widely between stores.

The Paramus store on Rt. 17 had the largest selection by far, but contained only a few pairs each of top lines such as Calvin Klein, Sergio Valente, Bon Jour, Sasson and Jordache. The balance of the selection included secondary designer brands like Oscar de la Renta and Yves Saint Laurent, and brands like Chardon (for men) and Carabine.

The first display in the Paramus store was a full round of ladies Carabine ($24.99), Sasson ($23.99) and Bon Jour ($19.99) signed "new arrivals."

The balance of the junior department designer and brand-name assortment consisted of a full 10′ X-rack of Oscar de la Renta at $19.99 signed "designer jeans"; another full rack, half of which contained Sergio Valente ($24.99) and Bon Jour ($19.99), and the other half Lee ($22.99) and Wrangler ($18.96). A third 10′ X-rack signed "designer jeans" (and also carrying the Calvin Klein and Sergio Valente logos) contained Calvin Klein ($23.99), Yves Saint Laurent ($22.99), Jordache ($23.99) and Sergio Valente ($24.99). The Saint Laurent goods, however, comprised easily 90% of the mix. The last 10′ X-rack of brands held Shades, Pizzazz,

(Continued on page 26)

Service Merchandise's upscale Novi, Mich., showroom has raceway and dropped ceiling follow angled shape of jewelry area, surrounded by high-margin goods like crystal and giftware (in background). *(DSN photo)*

Service Merchandise Opens New 'Store-in-the-Round' Prototype

By Arthur Markowitz

NOVI, Mich.—Service Merchandise unveiled a radical new prototype unit here designed to promote impulse sales of higher-margin goods by spotting jewelry in the center of the showroom area, surrounded by such other clipboard-ordered categories as giftware, crystal and silver.

The upgraded, rust-colored, carpeted showroom portion has a conventional department store fashion look created by the use of specialty fixtures, alcoves and fingerwall-set-off areas to merchandise specific categories such as floor care, clocks and dinnerware.

The cataloger showed its new showroom area—which has the feel of being a "store in the round" due to its layout—two years after its last major prototype debuted in the simultaneous opening of its four Florida units.

The specialty fixtures used include a wood slatboard gondola with brackets that can be set up to hold shelves and/or hooks. This company-designed display is a highly flexible fixture used to hold merchandise including stereo components, cassette holders, film and light bulbs in Sight and Sound, smoke detectors and escape ladders in home furnishings, and bath shop goods and traffic appliances in housewares.

Other fashion-oriented fixtures are wood-frame tables to hold luggage, C-shaped and X-shaped slatboard units as variations on the slatboard gondolas, and X-shaped, three-level glass box units for crystal and silver.

Other major innovations in the 60,000-sq.-ft. showroom

(Continued on page 21)

Arnold Suval

Suval Is Chmn., CEO, Jefferson/Ward

LOS ANGELES—Arnold Suval, president of the Zodys division of Hartfield-Zodys, has been tapped for the newly created post of chairman and ceo of Jefferson/Ward.

Suval, 52, is the latest discount chain executive to join the team Stephen L. Pistner, Montgomery Ward's new president and coo, has been putting together to run both the Miami-based discount division and the ailing general merchandise operation (DSN, July 13). David Kenny, Jefferson/Ward's president, will remain in that position and report to Suval. The chairman-president hierarchy being installed at the discounter by Pistner—who was president of Dayton Hudson before signing on with Ward this spring—mirrors the management structure DH used with its subsidiaries, including its Target discount stores.

Suval, who will also become a senior vice president of Montgomery Ward when he takes over the chairman's office on

(Continued on page 26)

Korvettes' Sites: Going, Going . . .

Store and Location	Sq. Ft.	Current Tenant (Sq. Ft.), or Status
CONNECTICUT		
Trumbull	205,000	G. Fox
ILLINOIS		
***Arlington Heights**	139,000	Goldblatt[1]
***Elmhurst**	193,000	K mart: 84,000
***Matteson**	299,000	Woolco: 95,000
***Morton Grove**	185,000	Goldblatt[1]
***North Riverside**	199,000	K mart: 84,000
***Oak Lawn**	121,000	Woolco: 115,000
MARYLAND		
***Catonsville**	177,000	(K mart)
***Belair**	90,000	(Hecht)
Glen Burnie	171,000	(Murphy's Mart)
Langley Park	125,000	K mart
Rockville	224,000	Vacant
Towson	190,000	(Murphy's Mart)
MICHIGAN		
Madison Heights	92,000	K mart: 92,000
***Redford[2]**	200,000	Vacant
***Roseville[2]**	90,000	Vacant
***Southfield[2]**	139,000	Vacant
***Southgate[2]**	200,000	Vacant
MISSOURI		
***St. Louis (Sunset Hills)**	104,000	Strip Center
St. Louis (Florissant)	99,000	Strip Center
NEW JERSEY		
Audubon	194,000	(Woolco)
***Moorestown**	151,000	K mart: 84,000
North Brunswick	130,000	Vacant
Paramus	221,000	(Caldor)
***Trenton**	140,000	Vacant
***Watchung**	188,000	(Caldor)
West Orange	205,000	(Caldor)
Woodbridge	213,000	(Caldor)
***Wayne**	225,000	Fortunoff
NEW YORK		
***Bronx**	228,000	Vacant
***Brooklyn (Fulton St.)**	166,000	Real Estate
***Brooklyn (Shore Pkwy.)**	205,000	Vacant
Carle Place	196,000	Government
***Colonie**	139,000	Vacant
***Commack**	217,000	Gertz
***Flushing**	131,000	Vacant
Hempstead	300,000	Flea Market
Hicksville	230,000	Vacant
Huntington	142,000	Strip Center
***Lake Grove (Smithhaven)**	155,000	Gertz
***Lawrence**	204,000	Vacant
***Douglaston**	236,000	(Gertz)
***Massapequa**	135,000	(A&S)
***Nanuet**	156,000	Vacant
N.Y. (Fifth Avenue)	189,000	Real Estate
N.Y. (45th Street)	70,000	Real Estate
***N.Y. (Herald Square)**	260,000	Vacant
Pelham	220,000	(Caldor)
***Port Chester**	210,000	(Caldor)
Scarsdale	150,000	J. W. Mays: 127,000
***Staten Island**	181,000	Vacant
Valley Stream	180,000	(Gertz)
West Islip	110,000	Vacant
PENNSYLVANIA		
Camp Hill	130,000	Vacant
Cheltenham	260,000	Vacant
King of Prussia	186,000	(Sears)
Philadelphia	180,000	Marshalls/Vacant
Springfield	106,000	Vacant
VIRGINIA		
Bailey's Crossroads	235,000	Vacant
***Hampton**	200,000	Vacant
Springfield	175,000	Vacant

**Store owned by Korvettes or Arlen Realty & Development Corp.*
( )Discounter scheduled to open in closed Korvettes site.
[1]Goldblatt has closed these stores under Chapter XI proceedings.
[2]Arlen has sold these sites to a company in which the head of The Taubman Co., a leading real estate developer, has a major interest.
(Source: DSN Research)

Korvettes' Skeleton Firm May Be Rattled by Troubles of Parent Co.

NEW YORK, N.Y.—Despite the closing of all of its 61 stores and the leasing out of 38 of them, 30 to retailers, Korvettes as a company still lives—and thus may be involved with the financial misfortunes of its French parent, Agache-Willot.

Agache-Willot is the guarantor of Korvettes' obligations, but the financial problems of the French parent have magnified the importance of the closed stores as Korvettes' key asset.

The need to obtain the highest possible price for the stores has resulted in the slow sale and/or leasing of the units. The pace has also been adversely affected by (1) the weak demand for new stores due to high interest rates; (2) disagreement with landlords over sublease agreements, and (3) the multilevel design of most Korvettes, which makes them less attractive than one-floor buildings to discounters looking to save on operational costs by recycling closed units.

To date, however, discounters have obtained the greatest number of ex-Korvettes, 18, with K mart and Caldor picking up six each, Woolco taking three, Murphy's Mart two and J. W. Mays one. Seven other retailers obtained 12 stores.

As for management of the skeleton company, Agache-Willot late last month named Charles Herlin as Korvettes chairman, succeeding Joseph Ris, who resigned after handling the dissolution of the 36 stores in operation when he took over as chairman in May 1980.

Herlin, who specialized in real estate and legal matters as a director of Conforama, one of Agache-Willot's retailing chains in France, told DSN that he wanted to find out what are Korvettes' assets "so we can meet our obligations to our United States creditors."

He asserted that Korvettes wasn't involved in Agache-Willot's financial problems in France which have seen the parent company's key business, Boussac-Stain-Freres, a textile operation, file for bankruptcy.

A commercial court in Lille, France, which is adjudicating the matter, has appointed an administrator to develop a reorganization plan that could also involve Agache-Willot's profitable operations, including the Dior and Ted Lapidus fashion houses and the Conforama, Au Bon Marche and Galeries Anspach chains.

A Korvettes attorney said that the company was uncertain as to what effect, if any, Agache-Willot's problems would have.

Korvettes' assets are the stores it owns and the leases it still holds on units it had rented. Herlin's comment on identifying what these assets are reflects the confused relationship between Korvettes and Arlen Realty & Development Corp. (ARDC), which sold the discounter to Agache-

(Continued on page 5)

Physical Fitness, Indoor Exercise To Rule Sporting Goods in Fall

Special DSN Sporting Goods Report

Physical fitness and indoor exercise will dominate fall sales in the sporting goods departments of major discounters. Reflecting the apparent customer commitment to fitness, discounters are upgrading their merchandise mix and investing in increasingly sophisticated machinery.

"Our current low-end number was top of the line just a couple of years ago," said a spokesman for King's, referring to exercise benches. "We used to have one straight and one slant. Today, slant is basic." The chain's top-ticket model is a heavy-duty padded slant bench with multiple attachments. Price points in the category range from $29 to $89.

"Exercise is one of the few categories that has good long-term growth potential," said Prange Way's Terry Kilgore, who hopes to top last year's 35% sales increase this fall. The exercise department is currently being upgraded with introduction of an exercise bicycle which will retail for $169.99 and be promoted at $139.99 or $149.99. "The trend is toward better bikes," said Kilgore, pointing out that the tradeup model has a weighted wheel for a smoother ride and caliper brakes rather than the traditional roller style. Other desirable features in exercise bicycles are timers, instrumentation, larger seats and a shrouded front wheel, he said. To balance the top price point, the chain offers bikes at $99.99 and $129.99.

Jefferson's buyer agrees that instrumentation is a sought-after feature on bikes. The chain's top-ticket item ($199.99) has a digital console with readout for pulse beat. The chain devotes a total of seven sku's to exercise bicycles.

Greater sophistication in exercise bikes was also evident at Heck's where buyer Rex Workman stocks three models at $129 everyday and about $89 on ad. One has a saddle-seat and is chain driven, while the other has belt drive to cut down on noise. Another bike has recently been added, Workman said, with an everyday price of $119 and $79 on ad.

In contrast, Gold Circle's buyer Bob Van Meter was bullish on the exercise trend but cautious on exercise bicycles. "I think the fad has run its course," he said. Instead Gold Circle is expanding its exercise bench category. "There's great promotional opportunity

(Continued on page 26)

Fred Meyer Firm Reportedly Sought By Big Carrefour

PORTLAND, Ore.—A large European retailer—reportedly Carrefour of France—has shown interest in acquiring Fred Meyer Inc., based here.

The inquiry came at a time when the Pacific Northwest retailer was already considering a firm bid from the investment banking firm of Kohlberg, Kravis, Roberts & Co. (KKR) to acquire its 7.3 million outstanding shares for $55 apiece.

Preliminary talks between Fred Meyer and a third company, Evans Products (building and forest supplies, railroad cars and home-center stores) were terminated at presstime by Evans.

Fred Meyer executives would not confirm the Carrefour interest, but several industry sources identified the French retailer as the potential suitor, adding that it was not the first time that the overseas firm had looked at the discounter. In its last fiscal year, Carrefour's sales were approximately $3 billion (14 billion francs).

Carrefour expressed an interest in Fred Meyer last year and put out feelers through a Portland investment firm, Blank & Co. Later they tried to approach the retailer through Donaldson, Lufkin & Jenrette. The retailer is now working with Lehman Bros., Kuhn and Loeb, the New York-based investment banking firm. Meyer officials refused to confirm these reports, but said they were seriously considering all offers and that a decision will be made soon.

(When the announcement of the two latest takeover inquiries was made, Fred Meyer stock was being quoted at approximately $46.)

Cash-Discount Bill Seen Becoming Law

WASHINGTON—Prompt Senate passage of the previously stalled "cash discount" bill was expected at presstime following approval in the House by a lopsided 389 to 9 vote.

The bill would allow discounters and other retailers to give unlimited cash discounts to customers who pay by cash or check instead of a credit card.

Leaders of key House and Senate committees have been pushing for passage of the bill since the end of February when the existing ban on credit card surcharges expired. Provisions in the bill would extend the surcharge ban for three years.

Both the House and Senate bill agreed on most provisions. The delay was caused by an unrelated amendment in the Senate version that would have permitted the appointment as Surgeon General a physician who is older than the required age. The physician is controversial because he is also an opponent of abortion.

House members of the conference committee—which works out disagreements with Senate legislation—agreed to let the amendment stay in the bill because it would be meaningless since a Surgeon General, by law, first must be a member of the Public Health Service, which also has an age limit, and which rules out the Philadelphia physician.

Following passage in the Senate, the bill is expected to be signed into law by President Reagan.

In This Issue...

BUOYANT NOTE. Mild spring weather helped boost retailers' orders for fishing equipment, according to the sporting goods PMA.(P. 13)

CONTROL CENTER. DSN columnists urge discount executives to exercise more control over (a) merchandise loans to employees, and (b) ad costs. (Bob Curtis, p. 14; Stephanie Shern, p. 12)

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DISCOUNT STORE NEWS
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Agency Contracts, Other Key Areas Should Be Evaluated

Retail Execs Must Get Involved In Controlling Advertising Costs

By Stephanie Shern
Principal, Arthur Young & Co., New York

Advertising costs are one of the largest single expenses in the retailer's income statement. As they increase and new media formats are introduced, it is imperative that retail executives be involved in controlling these costs just as they are responsible for controlling inventory costs and other expenses.

By evaluating the following key areas, retail executives or their accountants can often uncover weaknesses in advertising costs controls.

The Contract:

The contract between the retailer and its advertising agency is an essential means of cost control. To ensure that the contract is effective, the retail executive should confirm that it documents the following:

- Retailer's right to audit the agency's bills and back-up material.
- Benefits from discounts.
- Agency's method of calculating commissions.
- Agency's rate for production charges.
- Agency's method for charging in-house labor and overhead.
- Frequency of bill submission.
- What receipts or other documents are to be sent with bills.
- Which affidavits and documentation the retailer needs.
- Who monitors affidavits, and how frequently.

Cooperative (co-op) advertising is an arrangement whereby advertising costs are shared by the retailer and its vendor or vendors. However, cost reductions that would normally result from negotiated co-op sharing arrangements often are not realized because the retailer's internal accounting department was not informed of the arrangements.

Recently, a financial executive asked his internal audit group to perform a detailed audit of his company's advertising cost records, paying close attention to the co-op area. The findings were astounding —millions of dollars of productive sharing arrangements that had been negotiated by the merchants and communicated to the accounting group. The accounting group, in turn, had not billed the merchants for their share of the advertising costs.

The importance of properly communicating co-op arrangements to the accounting department cannot be overemphasized. Therefore, the retail executive should determine:

- Whether the company's internal accounting department requires a form or agreement to be circulated and filled.
- Who in the accounts payable group follows up on vendor debits.
- Who compares the ad that was actually run to the ad described in the co-op agreement.
- Who is responsible for communicating with the co-op advertiser.

Cash flow:

An executive should also consider the cash flow of advertising expenses. If you use an outside advertising agency, you should be familiar with payment terms to the media so you can be assured a proper return on the cost of your capital. For example, your advertising agency may bill you a month earlier than it has to pay the TV network. Or, you may pay your bills to the agency late and disqualify your company from receiving cash discounts which you would be entitled to if you paid within a certain period. To alleviate such problems you might institute a wire transfer system. This would enable you to pay your agency the day the agency pays the media.

Production Costs:

These out-of-pocket costs, which include sets, copies, film and residuals for performers, can be significant if television or magazine layouts are used. Performers' union contracts, which spell out a wide range of residuals, are particularly complex and require constant interpretation to prevent the retailer from incurring unexpectedly high costs.

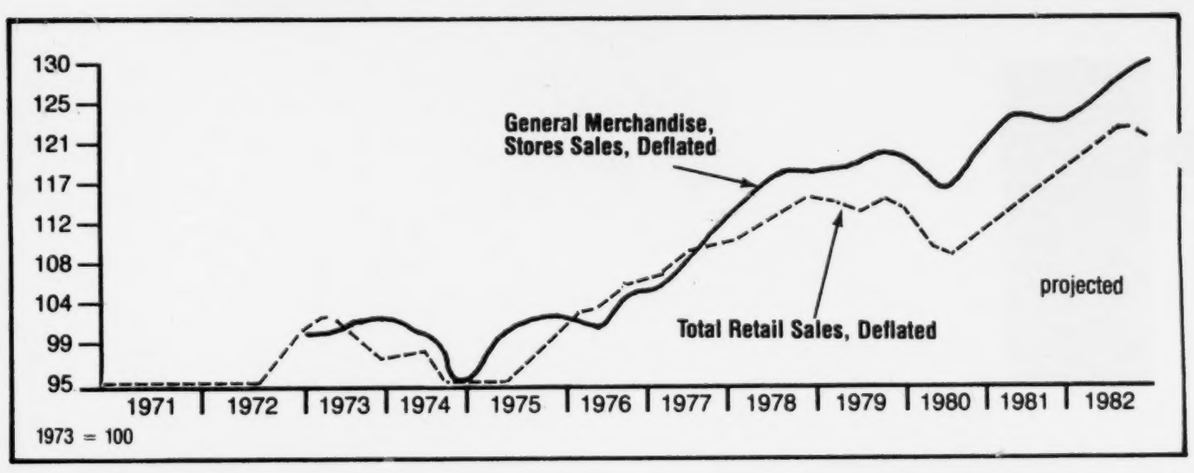
For example, many of you may not know that when a performer is hired for a commercial he or she may be considered an employee of your company, making you responsible for payment of his or her insurance, social security and unemployment taxes. You could be liable even if an agency was called to hire the performer.

Clearly, it is necessary for the retail executive to be aware of these residuals and to understand the nature of all other production costs.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association.

L/F Econocycle

August Discount Store Sales Are Set For 5% Hike



General Merchandise/Discount

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81* 1Q %	'81* 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	11.5	10.0	6.4	9	6.0	9.0
Real sales (Deflated)*	1.9	−2.4	−3.4	−2.0	1.1	5.7	4.9	1.1	3	−1.5	3.2

Base = March 1981 Sales
*Projected

For the past three months, discount stores have been clocking real sales gains of 6% to 7%.

As a result, second-quarter increases settled at roughly 6%—and all signs clearly point to a similar pace for the coming period.

For the past six months, in fact, overall general merchandise sales have been quietly picking up speed—led chiefly by apparel and discount/department store units.

Full-line department stores posted a 2.6% gain in the first quarter, for instance, followed by a sharply increased 7% sales lift for the quarter just ended (projected).

The L-F Econocycle projection for discount stores in the upcoming month is for a solid 5% sales increase, followed in September by gains in the 6% area.

General retailing seems to be heading for a 7%-plus gain in August, although some retail groups (drug, home centers, eating-out) appear to be shifting into a "decompression period," according to Econocycle projections.

Late '81 Slowdown?

Looking further ahead for total retailing, L/F's computer models indicate a possible slowdown beginning in the latter part of the fourth quarter which may continue into the first period of 1982—suggesting that retailers in all sectors must closely examine trends after the summer "slump" period.

The general trend for this year continues to compare favorably with that of the previous year, despite the countersurges of high-cost money on new-store construction and remodeling plans.

The summer slump has been partially countered in some discount chains by a "summer surge" in sporting goods sales, particularly rods and reels (combinations and single pieces) and general fishing tackle, with some wholesalers reporting gains as high as 50%. Many chains have achieved volume gains in double digits.

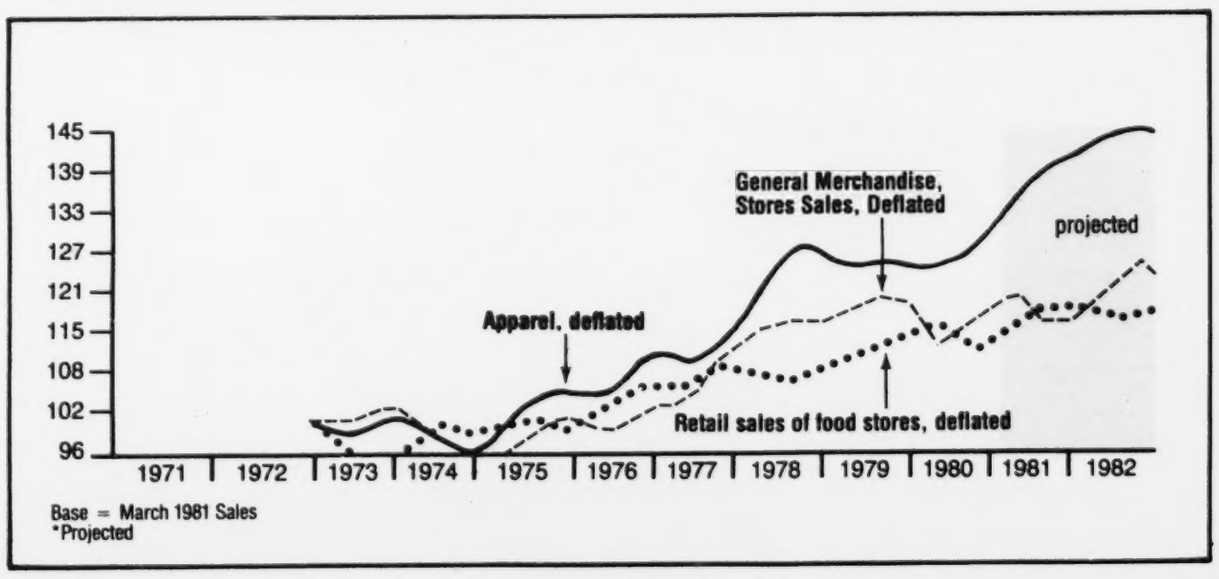
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	− 8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	− 9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.3	− 1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q*	10.0	10.4	6.8	8.5	10.1	8.3	9.7	7.9	8.4
	2Q*	13.8	10.7	10.5	19.8	9.3	13.9	11.6	11.5	12.1
	3Q*	12.1	8.3	10.8	15.5	8.7	12.3	12.4	10.0	11.0
	4Q*	11.6	8.0	8.9	5.4	5.8	12.0	12.4	6.4	8.9
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	7.0	9.0	10.0
	1980	7.0	11.0	9.0	− 3.0	12.0	5.0	5.0	6.0	5.0
	1981*	10.0	9.0	9.0	12.0	8.0	12.0	12.0	9.0	10.0

Real Sales (Deflated)
% Change By Quarter

1980	1Q	− 1.2	5.8	− 0.0	− 2.6	3.8	4.9	− 1.4	1.9	1.8
	2Q	− 5.0	4.9	− 0.1	−17.5	2.0	− 3.4	0.5	− 2.4	− 2.0
	3Q	− 4.2	2.0	− 0.9	−18.5	0.5	− 5.8	− 0.2	− 3.4	− 3.3
	4Q	− 2.9	− 0.6	− 1.8	−10.4	3.9	− 1.1	1.5	− 2.0	− 1.1
1981	1Q*	0.8	− 1.2	3.2	− 0.6	0.2	2.4	6.2	1.1	2.5
	2Q*	6.5	− 0.1	0.6	12.5	1.3	9.0	8.2	5.7	7.0
	3Q*	6.6	2.0	1.3	8.6	2.2	7.3	9.7	4.9	6.4
	4Q*	7.6	5.0	0.2	− 1.4	0.7	5.5	10.5	1.1	4.0
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	6.0	3.0	4.0
	1980	− 3.0	3.0	− 1.0	−12.4	3.0	− 1.0	1.0	− 2.0	− 1.0
	1981*	4.0	− 1.0	− 1.0	4.0	1.0	6.0	8.0	3.0	5.0

Base = March 1981 Sales
*Projected



Base = March 1981 Sales
*Projected

About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

PMA®

PRODUCT MOVEMENT AUDIT

Weather Lures Extra Biz in Fishing Gear

An early spring and mild weather pushed stores' sporting goods orders, particularly in fishing gear, considerably higher than a year ago.

On the May PMA, fishing rod and reel orders were up almost 50% and general tackle orders advanced 30%, according to Jim Sylvester, sporting goods buyer for Stem Distributing, a division of Cook United, Maple Heights, Ohio.

The plus business was attributed to consumer interest—not new products: "There are so many rods and reels already on retailers' shelves, and most changes today are cosmetic," Sylvester said. Business is up because discounters have increased their promotions in the category and consumers continue to discover one of man's oldest pastimes.

Heading the PMA listing was Daiwa's 210RL Spincast reel (average retail, $19.47). "Orders were up about 3,000% on the item, compared to last May," reported Sylvester. Orders for Daiwa's 13000C Spin Reel (average retail $25.67) were also up roughly 3,000%; Sylvester said less than half of that was attributable to his firm's new account; the rest was due to increased consumer interest in the category, and a greater number of retailer promotions.

In fact, consumer interest in fishing gear was strong across the board. Combo sets sold well as did individual components; only hard-bait sales "which began to drop off dramatically in 1980" failed to perform well this spring. Sylvester attributed the decline to rising prices and a refusal by consumers to pay the higher ante. "In 1978, a high-priced lure retailed for about $2.99; today it's not uncommon for them to sell for $4.99."

Manufacturer price increases have not been confined to just tackle; vendor price hikes have raised wholesale costs across-the-board roughly 7% to 10% in the last year alone, according to Sylvester. In addition, he said he was having trouble getting goods delivered quickly. "There's no such thing as a hot rush order any more," the buyer said. "We could get all the goods we wanted but instead of taking four or five days for delivery it's taking three.

(Continued on page 15)

SPORTING GOODS

Sporting goods PMA figures for May, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores, including 480 discount stores in 23 states. Average retail prices reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	COLEMAN			
1	220K195 double mantle lantern	255	33.71	8,596.05
2	5103 253 Gallon fuel	1,158	4.16	4,817.28
3	5284 Poly cooler 10 gal	143	17.65	2,523.95
4	5281-703/706 Poly cooler 34 qt	116	20.01	2,321.16
5	21A1001 21A Silk mantle 2pk	3,100	0.68	2,108.00
6	5103-164 16.402 Propane fuel	660	2.96	1,953.60
7	425E499 2-Burner stove	49	36.96	1,811.04
8	275710 Lantern	40	39.74	1,589.60
9	5286-703/706 Poly cooler 48 qt	35	34.94	1,222.90
10	413G 499 2-Burner stove	22	50.70	1,115.40
11	5274-702 Oscar cooler, 4 gal	56	17.11	958.16
12	690-048 Clear globe 220	310	2.73	846.30
13	5114-700 Propane lantern	28	27.40	767.20
14	5255C700/703/710 Cooler 56 qt	15	48.64	729.60
15	220E5891 Lantern generator 220	252	2.59	652.68
	GUNS-HUNTING			
1	TB22 Rem 22LR ammo Thunderbolt Lt	2,504	1.61	4,031.44
2	1500 Rem 22 cal 100pack LR ammo	720	3.71	2,671.20
3	3855 Rem 38 Special 158gr	147	11.42	1,678.74
4	25AP Rem 25 auto 6.35mm pistol	80	10.57	845.60
5	357M2/M3 Rem 357 mag 158gr SJHP	49	15.89	778.61
6	1022 Remington H/S short	400	1.63	652.00
7	SX22 WMR win 22 mag hp shell	111	5.77	640.47
8	Yeldm Rem clay targets yellowdome	89	7.16	637.24
9	38SW Rem 38 SW 146 grain	53	11.36	602.08
10	1522 Rem H/S 22LR 40 GRS	100	1.86	186.00
11	222R1 Rem 222 PTD soft point	18	7.34	132.12
12	32SWL Rem 32 S/W long 98 grain	10	10.57	105.70
13	30302 Rem 30/30 Win 170 grain	12	8.54	102.48
14	SP12RS-5PK Rem 12GA rifle slugs	28	2.78	77.84
15	30064 Rem 12GA rifle slugs	28	2.78	77.84

(Continued on page 15)

The Reel Stuff

Small, high-priced sporting goods items—fishing reels, pocket and hunting knives—get display counter space along with pistols and rifles at Caldor's Providence, R.I., store. *(DSN photo)*

Fabric Softener Biz Seen on the Rise

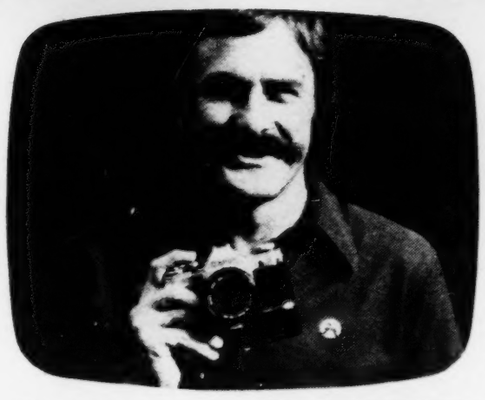
NEW YORK—Fabric softener sales will hit $565 million this year and $800 million by 1985, according to Packaged Facts, an information-research firm here.

Unit sales are projected at 400 million this year and 565 million in 1985.

The use of fabric softeners has risen from three of every five homemakers to three of every four in the last decade.

Canon. The Brand Your Customers Ask For.

Canon is the world's leader in 35mm photography. With nationally advertised cameras like the Canon AE-1, the A-1 and the totally automatic Sure Shot AF35M, it's no wonder. From coast to coast, millions are exposed to Canon advertising every day. On television, in national magazines and newspapers. There are also millions of satisfied Canon camera owners in the U.S. who are also out spreading the word.



The word is Canon. Ask your own people at the point of sale: they'll tell you it's the brand most people ask for. Whether they want a simple snapshot camera, a sophisticated SLR with all the accessories or even a movie camera, they ask for Canon. So it pays for you to stock as many different Canon models as you can to give your customers the variety they need and the brand they trust.

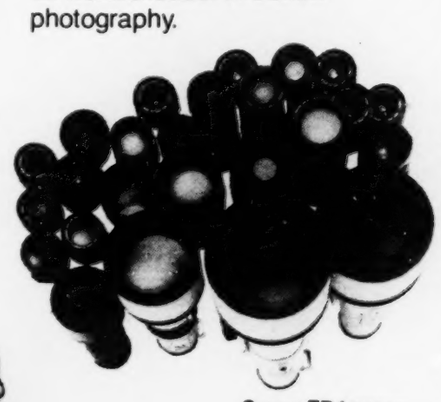
SLR CAMERAS

Canon A-1

Canon "A" Series single-lens-reflex cameras offer electronic 35mm photography at its best. The Canon A-1 is one of the world's most advanced automatic cameras, capable of handling any subject under any conditions with professional results. Yet it's easy to use and its advanced features make it easy to sell.

Canon AE-1

The Canon AE-1 is our most popular model, with shutter-priority automatic exposure control that lets the user select a shutter speed, focus and shoot. Flash photography's fully automatic, too, and Canon Speedlites and accessories like the Power Winder A make easy add-on sales for the AE-1. These profit-makers also fit the AV-1 aperture-priority model. The AV-1 is the lowest-priced Canon automatic SLR, but shares many of the features that helped make us world's leader in 35mm photography.



Canon FD Lenses

To go with the Canon SLR line are a host of easy-to-sell accessories as well as nearly fifty fine Canon FD wide-angle, telephoto and zoom lenses to suit every picture-taking situation. So whatever your SLR customers' needs, the Canon line is the answer.

RANGEFINDER CAMERAS

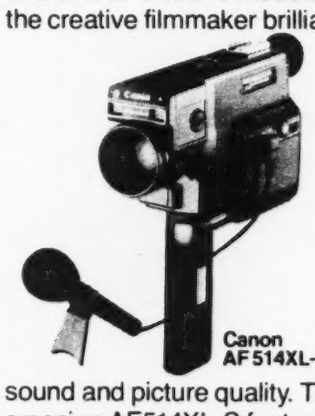
Canon Sure Shot AF35M

The Canon Sure Shot AF35M is the automatic camera everyone's talking about! It has auto focus, auto exposure, built-in auto electronic flash, built-in auto winding and even power rewinding. It's the 35mm camera that says "goodbye frustration" forever because it automatically eliminates common photographic mistakes. It's almost impossible to get a bad picture with this camera–that's why we call it the Sure Shot!

There are other compact, easy-to-use 35mm models in the Canon line, too. For fast turnover there's the compact, lightweight Canonet 28. It combines the simplicity of automatic exposure with the clarity of a superb Canon lens at a rock-bottom price. There's an optional Canolite D electronic flash to go with it, too!

SUPER-8 MOVIES

Canon silent and sound Super-8 movie cameras feature the same design integrity, sharp Canon lenses and exciting features that make all Canon cameras sell well. The 1014XL-S and 814XL-S sound models offer the creative filmmaker brilliant



Canon AF514XL-S

sound and picture quality. The amazing AF514XL-S features a Canon-engineered autofocusing system, and the 514XL-S, like all Canon sound models, provides audibly superior sound, thanks to special Canon features. For lightweight, low-light silent filming, the Canon 514XL and 310XL models deliver professional results with the touch of a button.

Again, we offer a variety of models in all price ranges, so there's a Canon for everyone. And everyone wants Canon!

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PRODUCT MOVEMENT AUDIT

Weather Lures

(Continued from page 13)

four and five weeks to get the goods."

Remington's 22LR (TB22) Thunderbolt ammunition led the hunting PMA with 2,504 units sold for an average retail of $1.61. Otherwise, sales in the category in this off-season (for hunting) month were slow. Second place went to Remington's 22-caliber (1500) 100-pack long rifle ammunition with 720 units sold.

May sales for Coleman products showed that discounters were building their spring inventories in line with previous years. The noticeable change this year was the absence of store purchases for promotions.

Credit Confab Due in Sept.

SAN FRANCISCO—"Credit at the Crossroads" will be the theme of the National Retail Merchants Association annual credit management conference to be held here.

Keynote speaker at the Sept. 20-23 conference will be former Sears vice president and general credit manager Linden Wheeler.

Sessions are scheduled on "Credit Management Today" and "Surviving the High Cost of Credit." Participants in the latter session will be Citicorp vp Morton Schwartz and former Federated Department Stores vp of credit Richard Kerr. Allied Stores vp Robert Myers will be moderator.

In addition, the assistant director of credit practices at the Federal Trade Commission's Bureau of Consumer Protection will address the conference. The program will include innovations in retail credit technology, consumer credit legislation and other topics.

Cost for the conference, which will be held at the Regency Embarcadero, is $225 per delegate for NRMA members, $975 for five or more members from the same company and $375 for each nonmember. Delegates can register through NRMA's Credit Management Division, 100 W. 31 St., New York, N.Y. 10001.

Murphy's Mart

(Continued from page 11)

the 19-year G. C. Murphy veteran will continue those duties as well.

Aubrey R. Johnson, formerly in charge of the old merchandising division, becomes vice president, variety and home furnishings. The division, while operated as a separate entity, will not change significantly because company management is satisfied that hard lines strategies are up to par, a spokesman said.

Lytle said the emphasis on profitable apparel categories is needed to offset increasing costs and to contribute to Murphy's Marts' bottom line. Sales at the Marts increased 17.9% on a four-store gain in 1980, but earnings were tempered by promotional activity and heavier-than-usual markdowns.

SPORTING GOODS

(Continued from page 13)

MISCELLANEOUS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1371/81 Igloo Playmate cooler	461	18.12	8,353.32
2	70/80 Igloo 48-qt cooler	83	30.62	2,541.46
3	1713 Adventurer 3 tray tackle box	220	11.37	2,501.40
4	1781-165G Whamo World Class Frisbee	474	4.93	2,336.82
5	B25B8 Mengo telescopic net 4'-8'	141	10.86	1,531.26
6	R1D12 Worth regulation softball	1,164	1.26	1,466.64
7	PX-1 Worth Reddot softball	288	4.97	1,431.36
8	16SLD/11SLD Water Bascast sinker	600	2.13	1,278.00
9	536-55 Cutter insect spray repellent	432	2.74	1,183.68
10	HG9 Worth baseball Hi-Glo Uniball	900	1.30	1,170.00
11	C Oberlin double bait canteen	186	6.22	1,156.92
12	14RC/11RC Water Rubbercore sinker	516	2.13	1,099.08
13	1P250TR Stanbel ice pack med	612	1.74	1,064.88
14	IP100 O/S Stanbel ice pack small	888	1.15	1,021.20
15	17EG/11EG Water Green Egg sinker	492	2.03	998.76

CAMPING

1	1A10BC Kidde Fireaway ext	221	14.13	3,122.73
2	10BC Kidde Fireaway ext	289	9.73	2,811.97
3	2A4OBC Kidde Fireaway ext	105	25.45	2,672.25
4	3547 Ash disposable flashlite	1,320	1.29	1,702.80
5	231/5PD Crosman powerlit 5-per-box	624	2.04	1,272.96
6	BPFNF6 Rapla 6" fillet knife	113	8.40	949.20
7	1377 Crosman pump pistol BB/177	24	39.09	938.16
8	1010 Marks pistol .177/BB/Dart	61	13.45	820.45
9	38T Crosman 177 cal gas revolver	20	39.88	797.60
10	5766/766 Crosman BB/177 Pellet Rifle	17	45.84	779.28
11	1200 Daisy BB/177 Cal CO_2 Pistol	27	27.19	734.13
12	5760/760 Crosman BB/177 Rifle	19	38.11	724.09
13	1P400TR Stanbel ice pack large	264	2.71	715.44
14	624P Mengo landing net 24x18x20	180	3.75	675.00
15	2200 Crosman .22 cal pellet Rifle	13	49.71	646.23

FISHING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	210RL-BP Daiwa spincast reel	680	19.47	13,239.60
2	13000C-BP Daiwa spin reel	450	25.68	11,556.00
3	A100RL-BP Daiwa spin reel	410	18.58	7,617.80
4	CD-A130/1312 Daiwa kit spin combo	303	23.86	7,229.58
5	CD 402A/212A Daiwa spin combo	570	12.26	6,988.20
6	SP1015-6 Shake Graphit spin rod	258	23.14	5,970.12
7	208RL/1690 Daiwa PMC spincast combo	144	29.22	4,207.68
8	A100RL/1319ACG Daiwa spin combo	132	28.22	3,725.04
9	2490 Zebco combo 600 reel w/4060 rd kt	212	16.87	3,576.44
10	915-920/T6500 Oly spin combo	150	22.84	3,426.00
11	1245 Zebco combo 202 reel w/2023 rod	340	9.86	3,352.40
12	1100RL/T2600 OLM spin cast combo	128	22.84	2,923.52
13	PL100 Daiwa bait cast reel hi speed	51	53.71	2,739.21
14	1545 Zebco combo 404 reel w/4040 rd kt	209	12.96	2,708.64
15	BC1015-5'6" Shake graphit cast rod	115	23.14	2,661.10

Cook Turns Loss To Profit For Qtr.

CLEVELAND—Cook United reported sharply improved sales and earnings for the first fiscal quarter of 1981 ended May 23. For the 16-week period, earnings totaled $122,000, compared to a net loss of $343,000 for the corresponding period last year. Sales for the quarter rose 37.6% to $161.9 million.

The company, which acquired the 47-unit Rink's chain last April, cited the acquisition as a key factor in the financial picture. Martin M. Lewis, chairman and chief executive officer, noted that not only is the Rink's name being retained but Cook's Ontario stores, mainly located in major Ohio cities, are having their names changed to Rink's. According to Lewis, this will save on advertising costs and take advantage of Rink's name.

HOTSTUFF FROM PRESTO

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Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Chains Taking Fewer Markdowns on Seasonal Goods

Nationwide DSN Report

Industrywide markdowns on seasonal merchandise are running 4% to 5% less as a percentage of sales this year as tighter buying, good weather and a recovering economy continue to work in discounters' favor.

At Fishers Big Wheel, gmm Frank Shanower credited the combination of strong sales, 10% less money put into inventory going into the season, and better weather than in the past with producing the chain's excellent summer season.

"We have close to 50% less lawn & garden and sporting goods merchandise to clear than we did last year," Shanower said at presstime. "Markdowns will be lighter in all categories, and we'll be missing some July sales because of the inventory levels. But with the interest rates so high, we can't afford to carry the merchandise the extra 30 days to capture some of those sales."

A spokesman at G. C. Murphy (Murphy's Mart) said markdowns in wearables will be smaller than last year, but they will be larger in lawn & garden and patio furniture. The chain slowed down merchandise coming into its pipeline during June on the outdoor goods.

At T.G. & Y., a spokesman said he expected lawn & garden markdowns to be smaller than last year because the chain bought lighter in the category. He said: "Some markdown problems developed at a few stores, but this was due to mistakes at store level and is not a chainwide trend."

Improved merchandising techniques—particularly in advertising and in the timing of seasonal clearance sales—also played a part in many chains having only 10% of their seasonal merchandise on hand near the end of July.

A senior vp at Gold Circle credited advertising changes and in-store positioning as elements producing the chain's "cleanest year ever" in the amount of merchandise left for markdown. Prange-Way was among those stepping up promotional frequency slightly, while a spokesman at the Zodys division of Hartfield-Zodys said stronger response than [illegible] to

(Continued on page 49)

The still-strengthening automotive DIY market has Caldor, Middletown, N.Y., grouping high-ticket DIY merchandise—jacks and ramps—and parts for almost-major repairs, like mufflers and tailpipes.

Smaller, Portable Products Help Home Sound to Swing

Special DSN
Home Sound Report

Home sound equipment sales are on the upswing as discounters get big results from smaller, more portable sound units.

As the popularity of portable stereo radio/cassette players ("boom boxes") grows, sales and selections of stereo compact systems edge off. "Boom boxes" have mastered the sound quality of compact systems, and retail at similar price points, but provide the extra attraction of portability. This trend is also beginning to show its effects on record album sales vs. cassette sales.

Another newcomer to the home sound is the mini-component system (also known as bookshelf or cigar-box systems). For the first time, the promotional-end stereo manufacturers—most notably Emerson and Yorx—are now offering these miniature component systems. With the growth in the number of apartment dwellers and the trend toward smaller homes, buyers believe that these small systems will become more and more popular.

Discounters' experimentation with higher-priced stereo sound equipment seems to have ended at the $400 to $500 price bracket. Most believe that if price ceilings were raised beyond those levels, their stores would have to provide more knowledgeable sales help, thus deviating from their self-service operation.

Wal-Mart, however, is playing renegade in its home sound department. The chain has introduced the 2000 and 3000

(Continued on page 45)

Auto Buyers Bullish, See Chemicals as Red-hot

Special DSN
Automotive Report

Some automotive department buyers are "cautiously optimistic," but others are predicting sales increases in excess of 25% for the upcoming winter season due to strengthened regional economies and continued growth in the do-it-yourself trend.

Most discounters are adding one-dropping one in sku's, so a large department expansion is unlikely; buyers are adopting a wait-and-see attitude toward new items like musical horns and high-end stereos with built-in graphic equalizers.

Chemicals are expected to be a red-hot category throughout the fall/winter season. Buyers for Northern-based chains are pinning their forecasts on the hope of an expected severe winter throughout the Northern part of the United States. The past two winters have been unusually warm in the Northeast and Midwest, causing depressed sales of winter seasonal goods in those areas. Spokesmen for Fishers Big Wheel and Heck's are looking for increased chemical sales as the leading growth category, with department sales increases of 8% to 10%.

Adequate supplies of chemicals and all other categories are once again assured, as the delivery problems that have plagued many discounters are now a thing of the past. Nearly all chains are utilizing a combination of feeders and distributors, successfully eliminating stock shortages which

(Continued on page 8)

Industry Stunned As Wal-Mart Adds Dear Hi-fi Models

BENTONVILLE, Ark.—Wal-Mart's decision to bring in high-priced, hi-fi component systems from Pioneer is sending shock waves through the discount industry.

Reaction to Wal-Mart's move to add the Pioneer Syscom 2000 ($544) and the 3000 ($688) models to its home sound equipment department ranged from awed admiration to disbelief. But the general consensus was that if any chain could handle the risk, Wal-Mart could. Most cited the chain's merchandising flexibility as their reason for optimism.

At presstime, Wal-Mart had had the models in the stores for 60 days, and buyer Mike Noblett declined comment on his colleagues' reactions until the chain had more sales history behind the products.

Most of the industry saw Wal-Mart's move as a way to gain credibility in consumer electronics. "They are looking for the prestige that comes along with carrying high-quality brand name equipment," said one buyer.

"Wal-Mart is smart," said another merchandiser. "Their stores are out in the boonies

(Continued on page 45)

Richway to Invade Southern Florida

ATLANTA—Richway is jumping into the southern Florida market.

John H. Weitnauer, chairman of the board and ceo, said the Georgia-based chain is currently looking for building sites in Palm Beach and Broward counties. The company hopes to announce final plans for two new stores by the end of the year or early in 1982, Weitnauer said, but declined to reveal the proposed sites.

DSN learned that Richway controls 7.8 acres of land along Federal Highway in Deerfield,

(Continued on page 50)

Best 1st Cataloger to Do $1 Billion

RICHMOND—Best Products has become the first catalog showroom chain to join the $1 billion sales club.

The cataloger generated $1,002,100,000 in sales in the fiscal year ended June 27, up $160,300,000 or 19% from $841,800,000.

The record volume came from 92 showrooms, a gain of 13 units from 1980.

The new stores, along with increased promotional efforts in the April-through-June fourth quarter, sparked Best's $1 billion year.

The 79 showrooms in operation in both years had a 4.4% sales gain, going from $841.8 million to $878.8 million, with the 13 new units accounting for $123.3 million in volume, or about $9.5 million each.

The fourth-quarter performance saw sales go up 33.8% to $231.4 million from $172.9 million. Same-showroom volume of $202.6 million was up 17.2%, so that the new units checked out $28.8 million in the quarter.

(Continued on page 50)

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Tax Cuts Are Seen Quickly Spurring Retail Sales

Martin Lefkowitz is a senior economist for the U.S. Chamber of Commerce and director of the Chamber's Federal Government budget program. He has been closely studying the budget and tax proposals of President Reagan from the standpoint of the business community. He was interviewed by John S. Friedman, Washington correspondent for Discount Store News.

Discount Store News: How will the reductions in the Federal budget affect business and retailing?

Lefkowitz: Programs like the food stamp program will have a particular effect on retailers. Supermarkets, of course, will be affected directly. Low-income people—we can assume they spend virtually all their money—are going to have to make some choices. Do they cut back on the quality of food they buy, or *not* cut back on food and not have as much to spend on other retail items? If food purchases are maintained at the same level, they will cut back on other items—say clothing.

DSN: Besides reductions in food stamps, are there any other program cuts that will specifically affect the retail community?

Lefkowitz: I don't think most of the programs that are cut will greatly affect the business community.

DSN: What about the cutbacks at the regulatory agencies?

Lefkowitz: There may not be immediate, direct results, but businessmen will certainly have more relaxed feelings in terms of what the Government is going to do and not do.

DSN: In the lobbying over the Federal budget, did the Chamber focus on any specific areas?

Lefkowitz: Rather than get involved in internal squabbles because there were matters that would have affected members of the board individually, the board voted to endorse the President's entire program.

DSN: What about the tax-cut proposals?

Lefkowitz: Again, we have endorsed the President's whole program. The Chamber was in favor of most of the tax reforms prior to the President's proposals, such as the 10-5-3 depreciation and the Kemp-Roth plan.

DSN: Do you think that high interest rates will continue once the President's economic program is in place?

Lefkowitz: In the last recession, interest rates shot up during the recession. It's a matter of cash flow. Say you're a discounter who has a large inventory which no one buys. So you're paying 22% for interest. This has a compounding effect.

If the economy doesn't recover, retailers are going to mark down their merchandise. That's when you might see interest rates decline.

The reverse happens when the economy starts expanding. You get the cash flow in. The tax cuts will increase cash flow, and therefore reduce the need for businesses to go outside to finance their inventory and capital expenditure needs.

You'll see a situation where firms can generate more funds than they have previously.

DSN: What about the tight-money policy of the Federal Reserve Board?

Lefkowitz: Friends of mine at the Treasury Department who influence policy are monetarists. They think that the only way to hold down inflation is to keep the money supply tight. I think that the Administration won't back off from stringent monetary controls. Only when inflation comes down will interest rates also fall.

DSN: When do you think the economy will turn around?

Lefkowitz: It depends on when the Administration's economic program goes into effect. The economy has been going up and down like a yo-yo. The second quarter of last year we had a 10% annual rate of decline. It was a one-quarter recession.

In the first quarter of this year there was an annual rate of growth of 8.6% in the Gross National Product. In the second quarter, the rate of decline of the GNP was 1.9%—a 10½% reverse in the direction of the economy.

If you look back historically we haven't had too many of these abrupt changes.

DSN: Can we expect a turnaround by December?

Lefkowitz: Within one to two quarters after the tax cut is passed. If we pass a tax cut in September you should see some pretty positive results either the first quarter of 1982 or by the second quarter. In terms of retail sales you should see the turn almost immediately because there will be an increase in take-home pay as soon as the tax cut is passed.

DSN: Are you predicting that retail sales will increase as early as October?

Lefkowitz: The day the Government cuts withholding taxes on individuals, when people get their paychecks they will be in the stores spending their money.

DSN: Aren't a substantial number of people going to be out of work as a result of the budget cuts? Won't that affect sales adversely?

Lefkowitz: There really aren't going to be that many people affected—mainly people in the Federal Government.

DSN: What about food stamps and other sources of income?

Lefkowitz: Many people would be eligible for other programs. The President is not trying to cut benefits to the poor. He's trying to cut benefits to a large number who have been able to accumulate some sort of a right to benefits, not based on need but the way the entitlement programs are structured.

The fact of the matter is that most people benefiting from programs such as Social Security are not below the poverty level.

DSN: You are very optimistic. Are you saying, therefore, that not only will the economy improve fairly quickly but that retailers will probably be the first to benefit?

Lefkowitz: Yes, because people will spend a large part of their money.

"The day the Government cuts withholding taxes on individuals, when people get their paychecks they will be in the stores spending their money."—Martin Lefkowitz, senior economist, U.S. Chamber of Commerce.

Home Furnishings Store Is Tested by Cataloger

EDINA, Minn.—Modern Merchandising has opened a 4,800-sq.-ft. test LaBelle's Home Furnishing store here as part of the parent company's effort to develop furniture and home furnishings as a new growth area.

The move came as the company opened 3,000-sq.-ft. furniture sections in LaBelle's showrooms in Roseville and Burnsville, Minn., using space freed from warehouse use.

Innovative Techniques

Modern Merchandising is the second cataloger to test furniture and home furnishings as a growth area and the second showroom operator to open a specialty store.

L. Luria & Son, which had been a member of the Creative Merchandising group to which Modern Merchandising belongs, has opened Luria Lifestyle stores adjacent to a number of its showrooms.

Service Merchandise has two toy specialty stores and is considering opening additional units.

Modern Merchandising has some similar furniture and home furnishings in the Roseville and Burnsville showrooms and the freestanding Edina store. The merchandise is carried as bulk goods in the two showrooms in a section called Home Furnishings Center.

The specialty store, which is due to have its grand opening next month, features a more extensive mix of furniture and home furnishings in group settings and vignettes, with salesclerks waiting on customers.

The two LaBelle's showrooms have picked up the merchandise in Creative Merchandising's four optional pages of home furnishings. However, the LaBelle's Home Furnishing only has merchandise found on one page of modular furniture and one page of ceiling fans included in the store's extensive assortment.

LaBelle's Home Furnishing at presstime hadn't completed its mix, with gourmet items due to be added to the lifestyle furniture and accessories such as wall decor, lamps, place setting and napkins already being merchandised.

Why It Was Done

While the test store doesn't follow the showroom format, it uses the LaBelle's name to attract customers who have shopped the cataloger, as well as other consumers who may respond to its newspaper ads.

The store doesn't use a catalog.

Merchandise carries markups higher than those found in LaBelle's showroom, but under those found in traditional furniture and home furnishing stores.

When Service Merchandise opened its two toy specialty stores, it didn't use its showroom logo. Instead, it called these units The Toy Store.

This was done to avoid any cross-identification between the showrooms and the toy stores, as a large number of the same toys and sporting goods are carried in both. The Toy Store prices much of its merchandise higher than the cataloger, so that cross-identification between the two could have created merchandising problems.

Since LaBelle's showrooms carry only a limited amount of items found in the test home furnishings store, there isn't the same potential competitive pricing problem. Therefore, cross-identification between the cataloger and the specialty store doesn't raise any pricing difficulties.

Luria Lifestyle stores carry merchandise found in the company's catalog and are adjacent to the showroom, so that there isn't any problem of cross-identification or competitive pricing.

Govt. Affairs Confab Set

WASHINGTON—The National Mass Retailing Institute will hold its annual Government affairs conference on Sept. 16 and 17, 1981, at the Hyatt Regency on Capitol Hill.

Senior level executives of NMRI member companies who wish to attend the conference should contact Kevin Shein, director of Government affairs for the NMRI, at institute headquarters: 570 Seventh Ave., New York, N.Y. 11018; 212-354-6600.

NMRI Is Expanding Study Of Shrinkage Control

NEW YORK, N.Y.—The National Mass Retailing Institute is set to repeat its annual study of shrink control, security and loss prevention practices—conducted each year by Arthur Young & Co.—but the 1981 survey will be expanded to include other classes of retail trade.

Department stores and specialty stores (and a classification called "other" in the survey document) will join NMRI member firms in this year's survey, which will be published in mid-December.

More than 2,000 questionnaires will be distributed early next month, and retailers will be requested to return the completed 34-question survey form by Oct. 15 to Arthur Young &

(Continued on page 50)

In This Issue...

EAT, EAT. Big discounters give permanent space to noncandy food. (P. 17)

MOVE IT. Housewares staples, auto waxes spark the latest PMAs. (Pp. 11, 22)

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Discount Store News

PRODUCT MOVEMENT AUDIT

Designs, Hues Are the News In Housewares

By Howard Bobroff
President,
Myron Nickman Distributors

Staples made news at the housewares show and the availability of this merchandise at stable prices should enable discounters and other retailers to maintain a more productive nonelectric housewares mix for the last half of the year.

Manufacturers at the show indicated good supplies of basic housewares, with "what's new" mainly focused on new designs and colors, rather than a hot fad item or category.

The continuing interest in fashion as the sales spark was also seen in the Product Movement Audit that covered the Jan. 1 through May 23 period. This prehousewares show span saw the first appearance of some of the new designs and colors that made news at the show—especially in products for the tabletop and glassware.

In glassware, for example, the tawny swirl finish showed up on three glasses, Nos. 4, 5 and 8, as manufacturers featured textured glass as a fashion interest for beverageware.

The fashion area for glassware highlights designs that tie in with patterns and colors used on dinnerware or that use a highly recognized character. Cross-merchandising of glassware with dinnerware will become even more important in the future as more and more manufacturers use common fashions on glassware and dinnerware to finally completely integrate tabletop housewares.

Some manufacturers have even explored using similar fashions on tabletop goods and cookware, but this is much more difficult due to the different manufacturers involved.

There was a proliferation of dinnerware set counts as Corning Glass introduced four new set counts for three lines, Corelle, Expressions and Dimension IV, plus one new line, Traditions, in two different set sizes.

Corelle in the 16-pc. set size showed up on the PMA even before its introduction at the show as retailers quickly added this lower-priced dinnerware to their assortment. Four different Corelle designs in 16-pc. sets were Nos. 11, 12, 13 and 14.

Discounters and other retailers added this merchandise because the 16-count sets carried about $5 lower tags than the original 20-pc. sets, and the lower priced sets are expected to boost demand for this highly popular basic dinnerware.

The manufacturers noted that dinnerware sales were soft in 1980 but rebounded strongly this year. The introduction of

(Continued on page 12)

HOUSEWARES

These housewares figures, for Jan. 1-May 23, supplied by Myron Nickman Distributors, a division of Cook United, Maple Heights, Ohio, cover 900 stores, including 125 discount stores in the Midwest. Average retail prices reflect typical price points for discount clients.

TABLETOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	7	Corelle 20-pc set, gold	2,348	31.42	73,774.16
2	6	Corelle 20-pc set, Woodland	1,673	31.39	52,515.47
3	—	Corelle 20-pc set, green	1,538	31 57	48,554.66
4	3	Expressions 20-pc st, Indn Smmr	756	49.52	37,437.12
5	4	Corelle 20-pc set, blue	1,063	30.53	32,453.39
6	2	Expressions 20-pc set, Meadow	569	49.39	28,102.91
7	5	Corelle 20-pc set, white	882	29.65	26,151.30
8	14	Dimension IV 16-pc set, Cinnamon	783	30.62	23,975.46
9	1	Expressions 20-pc set, Wildflower	418	50.18	20,975.24
10	—	Dimension IV 16-pc set, Almond	613	30.97	18,984.61
11	—	Corelle 16-pc set, Woodland	531	25.26	13,413.06
12	—	Corelle 16-pc set, gold	511	25.21	12,882.31
13	—	Corelle 16-pc set, green	509	25.21	12,831.89
14	—	Corelle 16-pc set, blue	458	25.17	11,527.86
15	11	Dimension IV 16-pc set, Citrus	344	31.64	10,884.16

GLASSWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	—	Durand 5½ oz juice, 4-pk	18,180	4.47	81,264.60
2	3	Anchor Hocking 24-pc st, Nwprt Crystl	1,424	9.10	12,958.40
3	2	Anchor Hocking 24-pc st Nwprt Gld	1,414	9.10	12,867.40
4	—	Libbey 17-oz ice tea, Tawny Swirl	25,848	3.50	9,046.80
5	—	Libbey 25-oz cooler, Tawny Swirl	16,812	0.50	8,406.00
6	—	Libbey 12-oz gblt, Grnd Cnsr, 8-pc	17,952	0.46	8,257.92
7	—	Libbey milk bottle	496	15.12	7,499.52
8	—	Libbey 80-oz pitcher, Tawny Swirl	3,468	2.13	7,386.84
9	5	Libbey 6½-oz tall wine, Citation, 4-pc	1,512	4.38	6,622.56
10	7	Libbey 6½-oz red wine, Citation, 4-pk	1,272	4.35	5,533.20
11	9	Durand 7-pc salad set, Diamant	628	8.79	5,520.12
12	—	Libbey 10-oz rocks, Chivalry	624	8.16	5,091.84
13	—	Libbey 12-oz white wine, Citation	363	12.94	4,697.22
14	—	Libbey Sun brew tea set	804	5.84	4,695.36
15	6	Libbey 10-oz goblet, Citation, 4-pk	984	4.48	4,408.32

COOKWARE

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	3	Chilton 7-pc set, SilverStone alm	2,334	25.94	60,543.96
2	—	Wear-Ever 8" chf pn, Bnty, SlvrStn, alm	9,312	5.53	51,495.36
3	—	Gen Houswr Columbian 11½-qt pot	1,740	8.40	14,616.00
4	—	Gen Houswr Granitware 21-qt canner	1,230	9.97	12,263.10
5	—	Wear-Ever 10" ste pn, Prem, SlvrStne	1,232	9.21	11,346.72
6	13	Ekco 3/4" dp ckie sht, Baker's Secret	3,504	2.93	10,266.72
7	—	Anchor Hocking microware bacon rack	2,112	4.68	9,884.16
8	—	Wear-Ever 8" ste pn, Prem, SilverStone	1,200	7.70	9,240.00
9	—	Chilton 12-qt sauce pot, alumin	1,120	7.90	8,848.00
10	—	Wear-Ever sqre grddle, Prem, SlvrStn	880	9.79	8,615.20
11	10	Ekco 1"-deep ckie sht, Baker's Secret	3,060	2.63	8,047.80
12	—	Gen Houswr Columbian 7-1/2-qt pot	1,128	7.01	7,907.28
13	—	Ekco oblong cake pan, Baker's Secret	2,844	2.70	7,678.80
14	—	Wear-Ever 12" ste pn, Prem, SlvStne	552	12.71	7,015.92
15	—	Gen Houswr Wagner II 3/4" skillet	741	8.60	6,372.60

GADGETS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	5	Foley 8-pc cook set, choc	5,064	2.27	11,495.28
2	6	Rhodes Daisey Bell timer	1,830	5.31	9,717.30
3	2	Swing-A-Way prtble cn opnr, chrome	2,796	3.00	8,388.00
4	—	Frigidaire ice cube tray	2,976	1.47	4,374.72
5	12	Range Kleen 8" reflector bib	1,764	2.39	4,215.96
6	13	Range Kleen 6" reflector bib	2,112	1.99	4,202.88
7	—	E-Z Foil oven liner	2,892	1.40	4,048.80
8	—	E-Z Foil electric burner bib	4,296	0.94	4,038.24
9	7	Ekco peeler, stainless steel	3,804	1.02	3,880.08
10	—	American Family 25-lb kitchen scale	372	9.83	3,656.76
11	—	Springfield oven thermometer	2,250	1.54	3,465.00
12	—	Ekco can opener/w bttl opnr	4,308	0.08	3,446.40
13	—	Sprngfld Palisades indr-outdr thrmmtr	618	5.26	3,250.68
14	—	Ekco small nylon turner, black handle	2,400	1.35	3,240.00
15	—	E-Z Foil dispos gas burner bib	3,420	0.94	3,214.80

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HOTSTUFF
FROM PRESTO

YOUR HOTTEST SELLERS—BOTH FROM PRESTO! Customers have made this pair hotstuff at cash registers all over America. Presto® PopCornNow® hot air corn popper with the quality Presto features your customers want. Nonstop popping and automatic buttering. Only from Presto. And when it comes to hot sellers, nothing compares with Presto® FryDaddy® deep fryer. Still going strong because Presto made deep frying easy, fast, economical and foolproof. And Presto offers all these features in a full line. Presto® FryBaby®, FryDaddy® and GranPappy® deep fryers. More hotstuff from Presto.

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quality that makes it last and last®

The Gourmet Look, in Good Taste

Caldor, Woonsocket, R.I., illustrates the gourmet look discounters are creating by combining various housewares classifications on upgraded displayers in an open-look presentation. *(DSN photo)*

Designs, Hues

(Continued from page 11)

additional counts, especially service-for-eight sets, are directed toward national retailers and catalog showrooms, rather than local chains. A Corning Glass report noted that national chains and catalogers traditionally are more successful sellers of higher-priced products. The 35-pc. and 43-pc. sets are expected to be strongest among these retailers, with most discounters and local retailers more sharply focused on 16-pc. and 20-pc. sets.

The broad appeal of basic

(Continued on page 42)

PMA® PRODUCT MOVEMENT AUDIT

HOUSEWARES

(Continued from page 11)

PLASTICS

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	Fesco 32-gal trash can, avocado	1,590	10.50	16,695.00
2	—	Lustro 24-gal Super Can, dome top	1,368	11.63	15,909.84
3	5	Lustro-Ware 12-gal container, springtop	1,956	6.29	12,303.24
4	4	Lustro-Ware 11-qt heavy duty pail	6,264	1.58	9,897.12
5	—	Lustro-Ware 1-gal decanter	5,508	1.75	9,639.00
6	—	Fesco 38-qt No Hands Can	1,350	6.15	8,302.50
7	2	Lustro-Ware 24-gal Super Can, green	798	10.33	8,243.34
8	—	Lustro-Ware 24-gal Spr Cn, alum clr	816	9.88	8,062.08
9	—	Fesco 20-gal trash can, avocado	1,068	7.34	7,839.12
10	—	Lustro-Ware 4-pc bowl set w/cvr, yllw	2,616	2.76	7,220.16
11	7	Lustro-Ware 44-qt flip-top basket	1,188	5.25	6,237.00
12	—	Lustro-Ware storage bin	3,570	1.69	6,033.30
13	15	Lustro-Ware 1.1 bush oval Indy bskt	1,812	3.00	5,436.00
14	—	Fesco 56-qt waste bin, avoc	966	4.79	4,627.14
15	8	Lustro 6-gal Super Can, green	1,182	3.88	4,586.16

CLEANING & CHEMICALS

1	2	Stick Goods 8" Roll-o-Matic mop	6,168	7.51	46,321.68
2	—	Drackett broom, Light 'n Easy	7,038	3.85	27,096.30
3	—	Johnson 14-oz Lemon Pledge	8,796	2.28	20,054.88
4	—	Johnson 27-oz Future	5,088	3.10	15,772.80
5	5	3M 16-oz Scotch Guard	3,924	4.01	15,735.24
6	1	Texize 64-oz Yes	4,740	3.24	15,357.60
7	—	Johnson 46-oz Future	3,318	4.48	14,864.64
8	—	Drackett 26-oz Drano	6,516	2.22	14,465.52
9	—	Johnson 18-oz Raid	4,284	3.29	14,094.36
10	—	Stick Goods Auto-Q sponge mop	2,916	4.69	13,676.04
11	—	Murphy 32-oz Liquid Soap	7,116	1.91	13,591.56
12	—	Drackett 67-oz Drano	6,492	2.09	13,568.28
13	—	Boyle 16-oz Woolite	8,016	1.69	13,547.04
14	—	Stick Goods corn broom	4,992	2.71	13,528.32
15	—	Drackett 32-oz industrial strngth clnr	10,992	1.22	13,410.24

(Continued on page 42)

Two Execs Join DH Foundation Board

MINNEAPOLIS—Two Dayton Hudson executives, Peter Hutchinson and John F. Kilmartin, have been named to the corporation's foundation board.

Hutchinson was also elected chairman of the foundation board, effective immediately, succeeding Wayne E. Thompson who is leaving active management.

HBA BUYER SAYS BIC BETTER NEWS THAN GOOD NEWS.

"The Bic Disposable (5-pack) ranks 48th in unit movement out of 1700 items we carry. So it's a hot seller. And its unit sales exceed our top Good News Disposable. The disposable market which already has a good share of the razors/blades is getting stronger day by day. And the trend is still upward."

Ken Kohn: HBA Buyer, Jaydon, Inc., Rock Island, Ill.

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS?

BIC® shaver

48th NATIONAL MERCHANDISE SHOW

SAT. thru TUES. SEPT. 12-15

NEW YORK COLISEUM

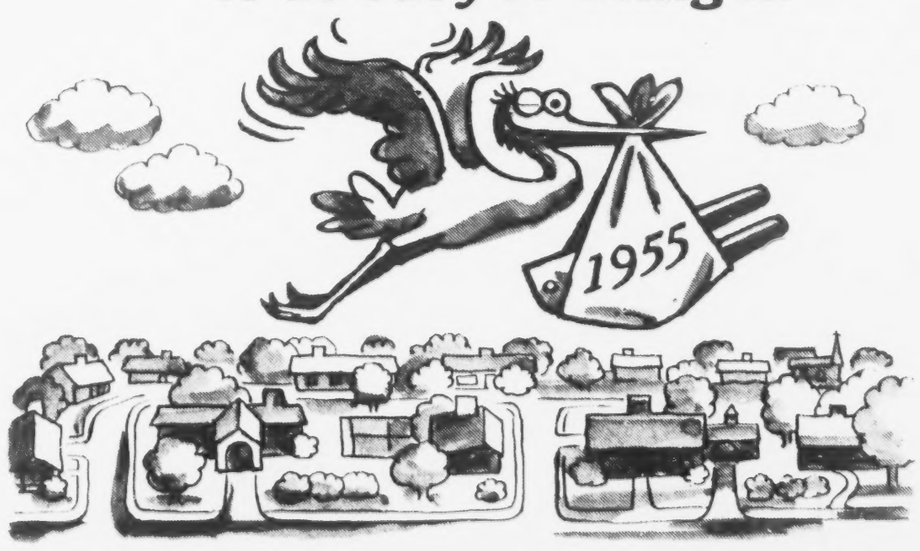
- The largest general merchandise show in America!
- See new products from around the world
- The total market place for virtually all your merchandise needs
- Over 1000 exhibitors
- Over 90 merchandise categories — in all price ranges
- Hundreds of "show specials"
- Meet "prime source" suppliers

For Your Complimentary Admittance Badge Write:

NATIONAL MERCHANDISE SHOW, 98 Cutter Mill Road, Great Neck, New York 11021

Free Seminar - "Trends In Retailing" Noted Speakers - Mon., Sept. 14, 1981 - 8:30A.M. N.Y. Coliseum

Selling the number one can opener is as easy as using it.



A success from the start.

In 1955, we introduced the Swing-A-Way #407 Portable Can Opener to America because we realized it was not always convenient or practical to attach one of our popular wall openers.

There were other hand-held can openers on the market, of course, but we envisioned one that was not flimsy and hard to use. What we wanted was a can opener that was as substantial, durable, and efficient as our wall models.

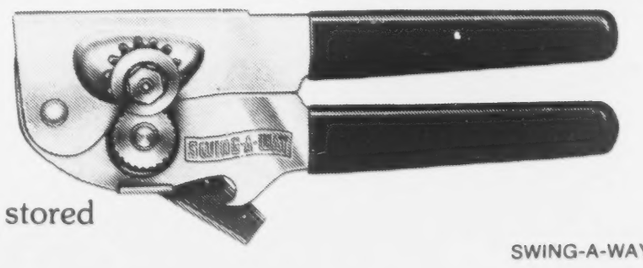
It is no coincidence that the result was the heavy-duty, easy-to-use, gear-driven Swing-A-Way Portable. And it stored in a drawer, out of the way.

In the process we created a classic—a truly sensible can opener.

Today, the Swing-A-Way #407 has become the largest selling can opener of its kind in the world.

SWING-A-WAY

People everywhere tell us its the best.



SWING-A-WAY ST. LOUIS 63116

HOUSEWARES

(Continued from page 12)

BATH SHOP

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	8	Selfix twin hook, 2-pack	4,908	1.53	7,509.24
2	3	Selfix portable shower spray	966	6.94	6,704.04
3	1	Gray king size shower caddy	1,686	3.82	6,440.52
4	2	Selfix shampoo spray	3,264	1.57	5,124.48
5	4	Ekco 18" towel bar, chrome	2,352	1.68	3,951.36
6	9	Ekco toilet tissue holder, chrome	2,448	1.58	3,867.84
7	5	Hanson scale, Princess, white	532	7.01	3,729.32
8	—	Empire bowl brush, plastic	5,304	0.70	3,712.80
9	7	Hanson scale, Princess, gold	492	7.01	3,448.92
10	13	Ekco 12" towel bar, chrome	1,932	1.53	2,955.96
11	—	Selfix toilet tissue holder, plastic	2,628	1.12	2,943.36
12	14	Selfix 2 hook, Moderne	5,112	0.55	2,811.60
13	—	Selfix 24" towel bar, plastic	1,764	1.54	2,716.56
14	—	Empire bowl brush, white	2,496	1.08	2,695.68
15	12	Empire bowl brush, plastic	2,076	1.20	2,491.20

RUBBERMAID

1	—	Ice cube tray, blue	28,584	0.55	15,721.20
2	1	20-gal Refuse container, avocado	996	11.05	11,005.80
3	—	32-gal Roughneck container, choc	570	19.00	10,830.00
4	—	Shelf liner, calico, green	2,120	4.48	9,497.60
5	—	Wastebasket w/lift lid, choc	1,548	6.09	9,427.32
6	—	10 ¾"-high Rectangle Indry bskt, choc	1,890	4.16	7,862.40
7	—	Wastebasket w/lift lid, gold	1,320	5.92	7,814.40
8	—	10 ¾"-high Rectangle Indry bskt, alm	1,512	4.37	6,607.44
9	4	Delux dish drainer, choc	1,392	4.73	6,584.16
10	6	15 ¾" Drainer tray, gold	2,070	3.08	6,375.60
11	9	5¼"-dp dishpan, gold	2,718	2.31	6,278.58
12	—	15 ¾" Drainer tray, almond	2,040	3.07	6,262.80
13	—	10 ¾" Sink mat, choc	3,468	1.78	6,173.04
14	—	10 ¾" Sink mat, almond	3,372	1.76	5,934.72
15	8	Bath mat, white	2,712	2.16	5,857.92

CORNING WARE

1	—	Microwave browning grill	1,224	20.09	24,590.16
2	—	Large counter saver, Cornflower	729	18.27	13,318.83
3	—	10" Microwave browning skillet	630	17.98	11,327.40
4	9	Grab "4" It set	742	15.12	11,219.04
5	8	Large Counter Saver, Wildflower	525	17.82	9,355.50
6	—	Microwave glass ceramic rack	1,140	7.30	8,322.00
7	—	Casser-ette	1,674	4.84	8,102.16
8	3	Microwave set	269	27.17	7,308.73
9	—	French White 2½-qt oval casserole	544	11.79	6,413.76
10	—	Menu-ette set, Cornflower	392	16.24	6,366.08
11	—	French White 2½-qt round casserole	505	11.98	6,049.90
12	2	Microwave 1-qt Cook 'N' Pour	491	11.63	5,710.33
13	—	6-cup Teapot, Spice	427	13.34	5,696.18
14	—	Microwave Starter set	114	49.28	5,617.92
15	—	Menu-ette Set, Spice	259	20.87	5,405.33

PYREX

1	3	3-qt Oblong bake dish w/basket	1,140	10.91	12,437.40
2	6	3-qt Oblong bake dish	2,424	4.44	10,762.56
3	—	1-qt Measuring cup	3,048	2.73	8,321.04
4	2	3-pc Casserole set, Atmn Hrvst	668	12.24	8,176.32
5	1	4-pc Bowl w/handle st, Atmn Hrvst	650	11.61	7,546.50
6	—	2-liter Juice jug	2,448	2.79	6,829.92
7	13	1-pt Liquid measure	3,108	1.95	6,060.60
8	11	2-qt Oblong bake dish	1,470	3.96	5,821.20
9	—	1-cup Measuring cup	3,348	1.69	5,658.12
10	—	3-pc Bake, serve, str st, Autmn Hrvst	560	9.83	5,504.80
11	5	2-qt Casserole w/basket	480	11.13	5,342.40
12	—	4-pc Bowl w/handle set, Woodland	412	12.39	5,104.68
13	—	10-oz Pie dish, 4-pk	1,809	2.79	5,047.11
14	—	3-pc Bake, serve, store set, gold	496	9.80	4,860.80
15	14	3-qt Casserole, knob cov	780	6.01	4,687.80

PMA®

PRODUCT MOVEMENT AUDIT

Designs, Hues

(Continued from page 12)

housewares tends to reduce the number of new items that show up on the PMA. While any one report shows few new housewares, over the course of a year the list can be extensive.

In the current report, two Springfield thermometers showed up as new items as discounters and other retailers sought expansion of the gadgets classification. The two thermometers, Nos. 11 and 13 on the report, were oven and indoor-outdoor models. The two different types of thermometers denote the broad area covered by the thermometer.

Microwave cookware continues to grow in importance. Items for this specialized type of cooking showed up on both the cookware and Corning Ware listings. An Anchor Hocking bacon rack was No. 7 on the cookware chart, while six items specifically labeled as microwave cookware showed up on the Corning Ware list as Nos. 1, 3, 6, 8, 12 and 14.

The strong showing of microwave cookware on the Corning Ware list left little room for other products to make the best-seller listing; French White, a popular line, for example, showed up with only two items, Nos. 9 and 11.

Corning Glass reported that French White sales now equal those of comparable-sized decorated Corning Ware casseroles, which reflects the popularity of the line.

Autumn Harvest, a new Pyrex cookware design, continued to capture interest, with three items making the chart as Nos. 4, 5 and 10.

The number of new items on the PMA, overall, was limited to the three thermometers, the new 16-count dinnerware and a few microwave cookware items.

The overwhelming number of products that appeared on this as well as previous reports denoted retailers' strong interest in staples as the sales- and profit-producing segment of housewares. This same interest was behind the extensive refinement of items evident at the housewares show, rather than the chase for hot holiday fad housewares.

POS Survey Is In the Works

NEW YORK, N.Y.—The National Retail Merchants Association (NRMA) and the accounting firm of Touche Ross & Co. will conduct a survey of point-of-sale practices among chain, department and specialty stores. The results will be published in 1982 in a book entitled "POS Trends In The 80's."

One main objective of the research is to compare this year's results with the findings of a 1977 study also conducted by the NRMA and Touche Ross. Survey participants—both member and non-NRMA-member firms—are asked to return the questionnaire by Sept. 1, 1981. All participants will receive a complimentary copy of the book.

Introducing

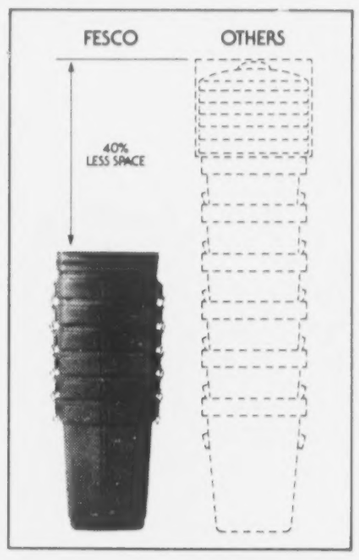
Bruiser II™

Everything you've always wanted in a blow-molded trash can...

The new Bruiser II™ boasts features that haven't even occurred to the competition. Such as galvanized metal lock handles to hold the lid tightly in place, but allow easy removal. Molded grip handles that can't break off. Domed lids that add 4 gallons of extra capacity to the 32 gallon can and 3 gallons to the 24 gallon can. Can rims sized to match standard trash bags. And all of these features are wrapped up in a single can with an iron-clad 6-year warranty.

and less...

The Bruiser II™ earns more profit per square foot because it requires 40% less shipping, warehousing, and display space. Six cans nest in a cartoned six-pack with four lids inside the can and two inverted lids on top. So cans arrive clean and ready to display.



and more.

Bruiser II™ is the number one can in a new line of rugged, blow-molded products that includes two new "standard" round trash cans. The Fesco line also includes Bruiser™ Trash and Waste Bags in Shelf-Stretcher Packages to save up to 33% of your valuable selling space.

FESCO

Get complete information on the entire Fesco blow-molded trash can line and Bruiser™ Trash Bags by calling or writing: Fesco/Division of Cities Service Company, P.O. Box 626, Pittsburgh, PA 15230. Phone (412) 331-4500.

Fesco/Division of Cities Service Company

VISIT OUR BOOTH NO. 2216
AT THE NATIONAL HARDWARE SHOW

AUTOMOTIVE

PRODUCT MOVEMENT AUDIT

Seasonal Glow Marks Waxes And Polishes

By Herb Rechter
President,
Allied Accessories and
Auto Parts Company

Traditional summer seasonals, predominantly waxes and polishes, rose to their customary leading positions in the June Automotive Product Movement Audit.

This summer discounters will be helped by the continuing increase in the do-it-yourself trend, as well as benefit from an extremely hot spring which prompted customers to increase regular maintenance on their cars.

In addition to the carryover items that our customers will stock, two new items could make an impact on the department this year. One promotional item which began to catch on this spring was Touchtone's Musical Horn, 42nd on the PMA with 180 units sold. Dealers expect the horn to take off during the summer months as customers seek novelty items.

Another promising item is XRX10's Universal Power Antenna, which did not appear on last year's PMA. It ranked 72nd on the June chart, with orders amounting to $8,767.92. It is the lowest priced antenna on the market, which should cause it to steadily climb on the upcoming charts.

The top item in dollar volume once again this June was a two-ton hydraulic floor jack, which sold 1,063 units, up from the June PMA count of 615 a year ago. This item was heavily promoted by almost all of our customers, and was a product that directly benefited from consumer demand for DIY products.

Four waxes and polishes also made it into the top 10, two each of the poly and standard shines. The Blue Poly Paste Seal and Blue Poly Liquid Sealant ranked sixth and seventh, respectively, on the chart, and maintained their lead in dollar volume over the other waxes.

However, on a unit count basis, both the Super Hard Shell Paste-Kit, in eighth place, and the 10th place DuPont Rain Dance increased their movement at the expense of the Blue Poly Sealant. Blue Poly sales dropped 31% to 2,529 units.

Originally, the polymer waxes and polishes were claimed to be significantly longer lasting than the standard shines. Last year's unit movement saw the 16-oz. Blue Poly Sealant rank third with 3,671. The polymers' longer-lasting claim did not convince customers, however, and as of this June's PMA count the standard waxes and polishes led in unit movement. However, the poly waxes and polishes are still leading in dollar volume.

(Continued on page 23)

As the DIY trend grows, the use of an endcap makes jack stands a highly visible promotable item in this FedMart San Diego store. *(DSN photo)*

The following automotive figures for June, supplied by Allied Accessories and Auto Parts Co., Madison Heights, Mich., cover 2,000 stores, including 1,700 discount department stores in 33 states. Average retail prices listed by the distributor reflect typical price points for discount clients.

Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1	2-ton hydraulic floor jack	1,063	69.99	74,399.37
2	46	1001 Freon 14 oz	25,030	1.79	44,803.70
3	15	10080 8-oz Armor-All	11,276	3.29	37,098.04
4	9	1015-24 STP oil treatment 15 oz	13,032	2.19	28,540.08
5	24	10,160 16 oz Armor-All	4,066	6.99	28,421.34
6	21	Blue Poly paste seal 16 oz	2,529	9.99	25,264.71
7	20	Blue Poly liquid sealant 16 oz	2,518	9.99	25,154.82
8	6	T—222 Sup HD Shell PST-kit 14 oz	6,034	3.89	23,472.26
9	3	FL la Mocrft oil ftr (For FL1)	5,839	3.99	23,297.61
10	7	0245 Dup Rain Dance PST 14 oz	4,234	5.49	23,244.66
11	17	Pennzoil deluxe 10W40	17,448	1.29	22,507.92
12	5	Snowhite Lite 'N' Easy gal	1,683	12.99	21,862.17
13	11	A.C. oil filters	5,390	3.99	21,506.10
14	28	S257 Fix-A-Flat tire inflator	16,476	1.29	21,254.04
15	58	National all-purpose 10W30 1200	26,951	0.77	20,752.27
16	14	AS982 Simoniz Super Poly, liq	2,592	7.99	20,710.08
17	18	Gumout jet spray 13 oz	8,590	2.39	20,530.10
18	23	EB-1 Gunk aerosol	9,532	1.99	18,968.68
19	25	Warco Dot brake fluid 12 oz	12,311	1.49	18,343.39
20	—	88500 A/C recharge kit freon	2,531	6.89	17,438.59
21	56	T-75 Turtle Zip liq c/wash 18-0z	7,546	2.29	17,280.34
22	7	0241 DuPont Rain Dance liq 16 0z	2,951	5.49	16,200.99
23	32	R45TS AC spark plug	11,566	1.39	16,076.74
24	13	6014 Sealed Beam, large round	4,692	3.29	15,436.68
25	37	Warco Dot brake fluid qt	3,948	3.89	15,357.72
26	—	500 Westley's bleach white 200 oz	8,066	1.89	15,244.74
27	41	TP51 (TP-510) Sandable PRI GRY	8,199	1.79	14,676.21
28	62	C-16 Bars Leak 15 oz (80)	7,474	1.89	14,125.86
29	61	Auto bulbs 2 per card	15,701	0.89	13,973.89
30	29	Pennzoil all-purpose 10W30 (50)	11,067	1.24	13,723.08
31	30	2645 Johnson's acrylic kit, 12 oz	1,774	7.49	13,287.26
32	53	TP52 (TW520) Sandable Prim Red	7,008	1.79	12,544.32
33	—	4101-12CD-2 Red hi 15 oz	5,616	2.19	12,299.04
34	51	T-4163 Thrush muffler (160)	758	15.99	12,120.42
35	19	AS981 Simoniz Super Poly, paste	1,511	7.99	12,072.89

(Continued on page 23)

INTRODUCING...
THE VALVOLINE 12/
A BETTER WAY TO HANDLE MOTOR OIL.

12/ONE-QUART CANS IN A CONVENIENT, NEW CARTON

The new Valvoline 12/ONE-QUART CASE! More than just a packaging innovation from Valvoline—the leader in progressive motor oil marketing. A new, convenient way for you and the millions of Valvoline retail customers to handle quality Valvoline Motor Oil.

NO INCREASE IN PRICE

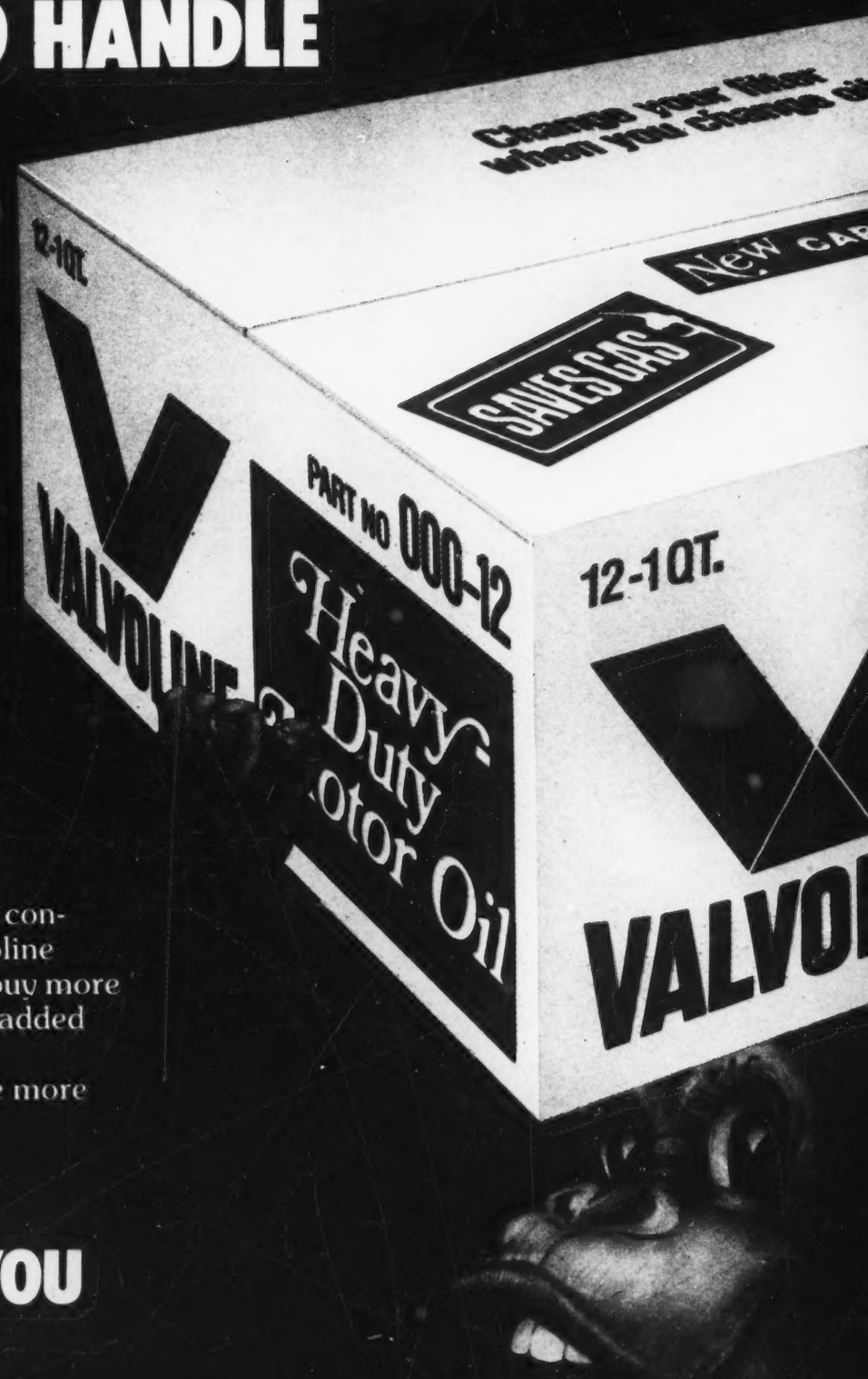
Designed for the multi-car owner, or the consumer who wants to stock up, the new Valvoline 12/ONE-QUART CASE lets your customer buy more Valvoline without paying a premium for the added convenience.

For you, it's the smart, new way to move more quality Valvoline at the same profit margin.

EASY TO HANDLE FOR YOU AND YOUR CUSTOMER

Valvoline's new 12/ONE-QUART CASE takes up half the space and weighs half as much as our former 24-quart case.

A lot easier for customer carry-out. And, easier on your store personnel, because at 25 pounds per carton, the 12/ONE-QUART CASE can be easily hand-carried, loaded and stocked.



AUTOMOTIVE

(Continued from page 22)

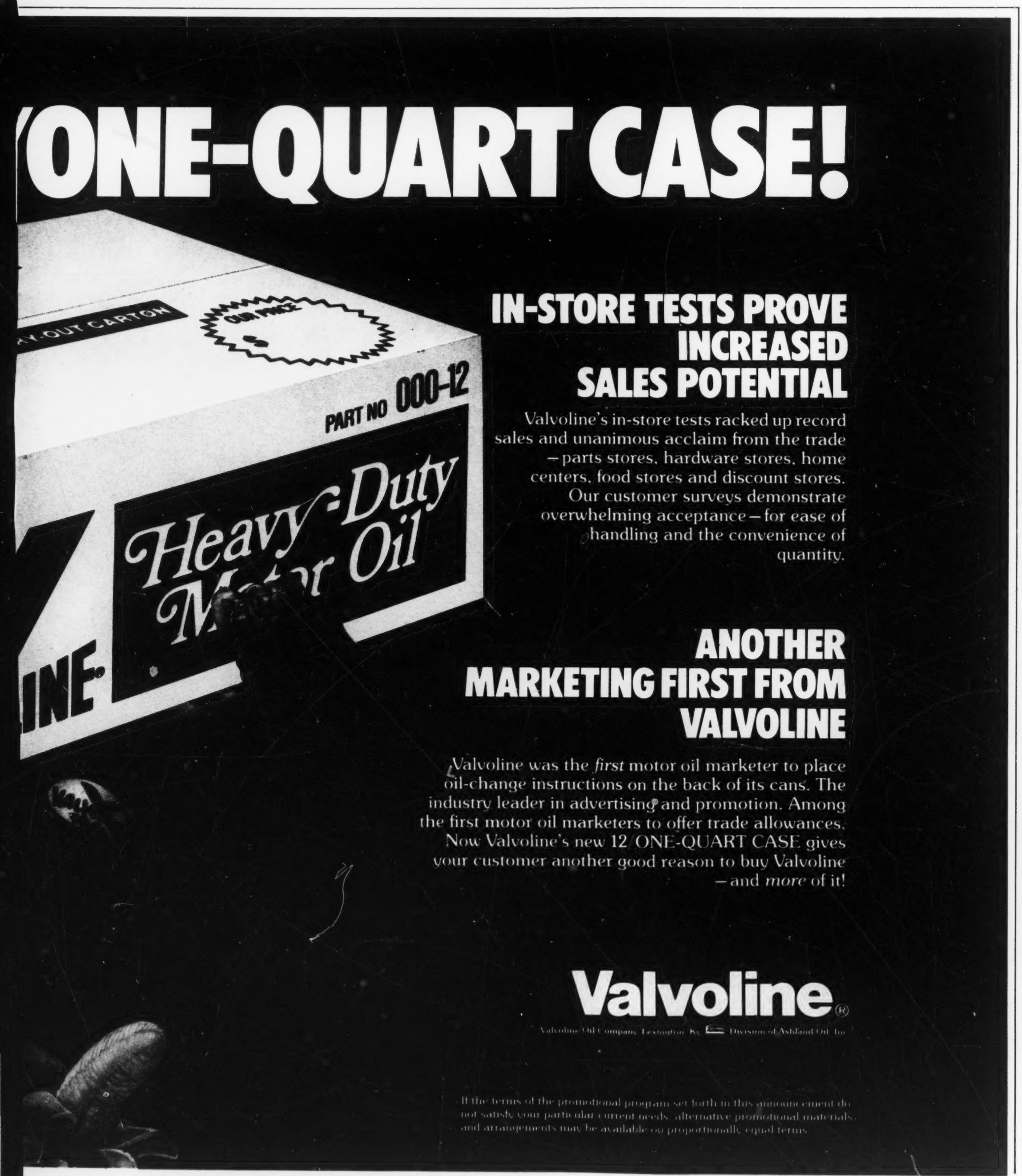
Curr. $ Rank	Prev. $ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
36	—	4-ton Hydraulic bottle jack	660	17.99	11,873.40
37	—	2-ton Hydraulic bottle jack	989	11.99	11,858.11
38	4	141 Valvoline 10W40	9,840	1.19	11,709.60
39	—	30160 16-oz Armor-All cleaner	5,094	2.29	11,665.26
40	74	Snowhite Lite 'N' easy qt kit	2,710	4.29	11,625.90
41	34	T-127 Liquid Turtle wax 12 0z	4,163	2.79	11,614.77
42	—	80 Touchtone 80 musical horn	180	63.99	11,518.20
43	—	4111-12CD-2 Black Lo 15 oz	5,251	2.19	11,499.69
44	8	Quaker State deluxe 10W40	8,904	1.29	11,486.16
45	70	T-5163 Thrush muffler (160)	710	15.99	11,352.90
46	45	6503-12 STP Son-of-a-Gun 8 oz	3,756	2.99	11,230.44
47	50	Quaker State sup blnd 10W30	9,034	1.24	11,202.16
48	64	T-3163 Thrush muffler	692	15.99	11,065.08
49	54	100QR Rislone oil alloy 32 oz	4,819	2.29	11,035.51
50	39	T270 Turtle Color-Back 16 oz	2,760	3.99	11,012.40
51	40	7502 Gumout carb cleaner, 16 oz	5,519	1.99	10,982.81
52	44	RR16 Roberk wiper bld refill	4,957	2.19	10,855.83
53	—	10320 32-oz Armor-All Protect	1,134	9.49	10,761.66
54	—	R-6 Bars Leak 5½ oz (175)	8,292	1.29	10,696.68
55	—	T560 Tur Ply/Shl 1-STP 1q 16 oz	1,272	7.99	10,163.28
56	—	02662 Johnson's Wax Kit 12 oz	3,358	2.99	10,040,42
57	—	DR 1976 GM 8-cy dist cap	1,873	5.29	9,908.17
58	—	6-ton Hydraulic bottle jack	450	21.99	9,895.50
59	67	4624/04-2301 2-gl Gas can	2,194	4.49	9,851.06
60	60	13040 Armor-All 4 oz	5,206	1.89	9,839.34
61	—	T-3162 Thrust muffler (160)	613	15.99	9,801.87
62	22	WD-40 Aerosol 9 oz	4,472	2.19	9,793.68
63	—	T-4164 Thrush muffler (160)	604	15.99	9,657.96
64	—	Peak antifreeze gal	1,843	4.99	9,196.57
65	43	PF-30 A.C. oil filters	2,302	3.99	9,184.98
66	—	902 9 oz Simoniz presoft	3,096	2.89	8,947.44
67	—	4657/75-5209 5-gal Gas can	992	8.99	8,918.08
68	—	101-2 Delco 8-cyl tune-up kit	1,269	6.99	8,870.31
69	—	PF-35 A.C. oil filters	2,208	3.99	8,809.92
70	48	TAM77 Rubberized undercoat	3,046	2.89	8,802.94
71	—	Pennzoil H.D. 30W	7,368	1.19	8,767.92
72	—	XRX10 Universal power antenna	257	33.99	8,735.43
73	55	R44T AC spark plug	6,167	1.39	8,572.13
74	—	0715-2B 15-minute Safety flare 2P	3,902	2.19	8,545.38
75	16	G2 Foot pump with gauge	777	10.99	8,539.23
76	—	T-3167 Thrush muffler (160)	534	15.99	8,538.66
77	—	T-4243 Thrush muffler (140)	529	15.99	8,458.71
78	—	347 Valvoline Dexron A.T.F. qt	7,104	1.19	8,453.76
79	35	LR-81 1-piece Auto ramp pair	384	21.99	8,444.16
80	36	LF-1 Lee oil filter	2,472	3.39	8,380.08
81	42	PF-40 A.C. oil filter	2,099	3.99	8,375.01
82	48	Tam-66 undercoating	3,601	2.29	8,246.29
83	12	National 10W40 motor oil, qt	9,192	0.87	7,997.04
84	—	0861 DuPont rub comp 12 oz	4,437	5,457.51	7,942.23
85	63	101-1 G.M. Uniset Oem	883	8.99	7,938.17
86	—	Motor Lube non-detrg 30WQT1200	10,703	0.74	7,920.22
87	—	T-3243 Thrush muffler (140)	495	15.99	7,915.05
88	—	TK 175 GM8 CY tune-up kit	1,966	3.99	7,844.34
89	—	TP50 (TW500) Sandable prim blk	4,363	1.79	7,809.77
90	69	UVL320 20" Wheel wrench	1,620	4.79	7,759.80
91	—	6052 Sealed beam large square	939	7.99	7,502.61
92	—	750 Trailer tow mirror, chrome	413	17.99	7,429.87
93	73	01-015 D&L Hand cleaner 14 oz	6,768	1.09	7,377.12
94	—	L19 Mopar oil filter	1,895	3.89	7,371.55
95	—	RR18 Roberk wiper bld refill	3,308	2.19	7,244.52
96	—	T-3D Super HD Shell liq 18 oz	1,848	3.89	7,188.72
97	—	AS107 Prestone Super Flush PK12	2,387	2.99	7,137.13
98	—	PSF Yale Power STRG fluid 14 oz	4,740	1.49	7,062.60
99	—	R45TSX AC Spark plug	5,048	1.39	7,016.72
100	—	AP 15 Auto panel	1,801	3.89	7,005.89

Dollar General Net Up 20% in Quarter

SCOTTSVILLE, Ky.—Dollar General's first quarter net income was $149,000, a 20% jump from the year before, on net sales of $45.4 million, up 23%.

For the first three months of the fiscal year, same-store sales went ahead 17%.

Gross profit margins declined slightly, however, reflecting Dollar General's decision to build sales by stressing basic merchandise. At the same time, both operating expenses and interest costs declined as a per cent of sales, to offset the decline in gross profit margin.


ONE-QUART CASE!
PART NO 000-12
Heavy-Duty
IN-STORE TESTS PROVE INCREASED SALES POTENTIAL
Valvoline's in-store tests racked up record sales and unanimous acclaim from the trade – parts stores, hardware stores, home centers, food stores and discount stores. Our customer surveys demonstrate overwhelming acceptance – for ease of handling and the convenience of quantity.
ANOTHER MARKETING FIRST FROM VALVOLINE
Valvoline was the first motor oil marketer to place oil-change instructions on the back of its cans. The industry leader in advertising and promotion. Among the first motor oil marketers to offer trade allowances. Now Valvoline's new 12 ONE-QUART CASE gives your customer another good reason to buy Valvoline – and more of it!
Valvoline®
Valvoline Oil Company, Lexington, Ky. — Division of Ashland Oil, Inc.
If the terms of the promotional program set forth in this announcement do not satisfy your particular current needs, alternative promotional materials and arrangements may be available on proportionally equal terms.

PMA®

PRODUCT MOVEMENT AUDIT

Seasonal Glow

(Continued from page 22)

Motor oils, air filters and automotive chemicals all were strong sellers this June, as they were in June 1980. Pennzoil's 10W40 and 10W30 grade motor oils and National's 10W30 all were among the top 30 ranked items this June.

Many dealers reported brisk sales in the oil filter category as customers got their cars, particularly older models, ready for increased summer driving. The Motorcraft oil filter ranked ninth with 5,839 units moved, and the A.C. oil filter ranked 13th, with 5,390 units sold.

Automotive chemicals came close to maintaining last year's strong dollar and unit volume, with STP oil treatment and Gunk aerosol holding their places among the 20 best sellers.

Mufflers don't appear near the top of the PMA, but they are beginning to show strong growth as a DIY body repair item; the total unit movement of Thrush mufflers was 4,935. Each muffler carries an average retail of about $15.99, representing a total dollar volume of $78,911. This amount would place it above the hydraulic floor jack as the top dollar volume item on the chart if all the Thrush muffler models were taken together.

Human Resources Seminar Scheduled

NEW YORK—The National Retail Merchants Association will hold a three-day seminar on Human Resources in Retailing at the Sheraton Hotel here, Sept. 16-18.

Featured speakers will include Arnold B. Aronson, chairman of the board, Saks Fifth Avenue; Carl G. Thor, vice president, American Productivity Center, Houston; Oscar Ornati, professor of manpower management, NYU Graduate School of Business Administration, and Nat Goldberg, divisional Quality Circle coordinator at J. C. Penney.

Registration fees for members are $235 per person; nonmembers $425, with discounts for group registrations. Information is available from the NRMA, Personnel Division, 100 West 31st St., New York, N.Y. 10011.

Sears Plans Office Equipment Stores

CHICAGO—Sears will unveil five business machine stores in Chicago, Dallas and Boston this fall.

Edward A. Brennan, chairman and chief executive officer of the Sears Merchandise Group, announced that two business machine stores each are planned for Chicago and Dallas, and a single unit will open in Boston.

The test of the new freestanding stores, which will carry a broad assortment of electronic equipment under Sears and other brand names, will be managed by Sears veteran John M. Purtell Jr.

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Mgt. Development Series: P. 58

Discount Store News®

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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'Revolutionary' Tax Bill Accelerates Depreciation

By Doug Stinson

NEW YORK, N.Y.—The "Economic Recovery Tax Act of 1981"—H.R. 4242— is "revolutionary" according to one tax expert (Gerald W. Padwe, a tax partner of Touche Ross) and a "major intervention into the United States economy through tax reform."

President Reagan's simple two-part proposal of last February—to cut individual income taxes and accelerate the depreciation of business properties—turned into H.R. 4242, a massive tax reform act designed to create full economic recovery. Its 119 provisions and almost 200 pages of closely typed legalese will affect virtually every taxpayer in the country, individual or business.

Provisions of the new tax bill and its impact on individuals and businesses were discussed at a briefing held by Touche Ross in its New York offices. Padwe and Mortimer Berl, another tax partner of the accounting firm, and other Touche Ross experts assessed the bill for *Discount Store News*.

Of major interest to retailers are personal income tax reductions, which will create new discretionary dollars for all consumers, and accelerated depreciation of equipment and real property used in the business.

The final version of the tax bill reduces personal income taxes by 5% on Oct. 1, 1981, and by 10% in mid-1982 and mid-1983. The reduction this year amounts to 1¼% on an annualized basis, and will probably not have any immediate, dramatic effect on consumer spending. (Another expert—Martin Lefkowitz, senior economist with the U.S. Chamber of Commerce, disagrees. "The day the Government cuts withholding taxes on individuals," according to Lefkowitz, "when people get their paychecks, they will be in the stores spending their money.")

The actual tax burden on individual tax payers in 1981 will *rise*, however, because of bracket creep and higher Social Security taxes. It's doubtful that any halo effect on consumers' attitudes and confidence will outweigh the actual in-

(Continued on page 68)

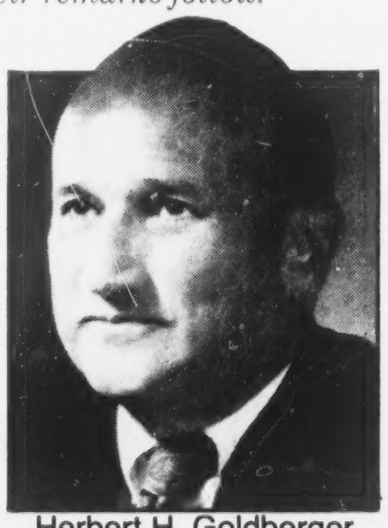
Top Discounters Give Formula For Success

Maurice Segall and Herbert H. Goldberger, two of discounting's most respected retailers, will be honored at the annual Discount Store News *SPARC (Supplier Performance Award by Retail Category) banquet Aug. 16, at Chicago's Hyatt Regency.*

Segall, president and ceo of Zayre, has been named Discounter of the Year by his retailing peers, while Goldberger, past chairman of Hills, has been elected to the Discounting Hall of Fame.

The two men shared some of their views on discounting and the role of their companies in the industry, in exclusive interviews with DSN. *Some of their remarks follow.*

Hills' Goldberger: We Fill a Niche

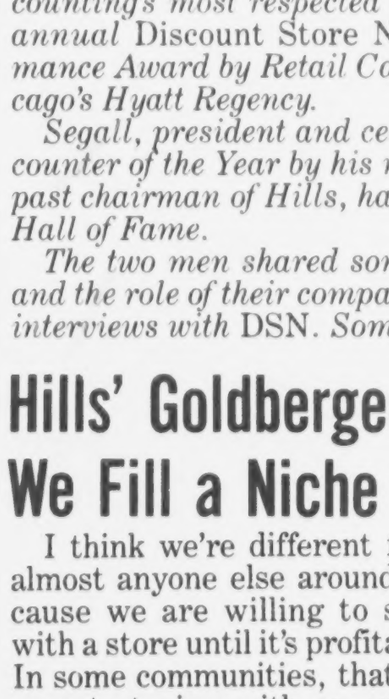


Herbert H. Goldberger
Past Chairman, Hills; 1981 Inductee, Discounting Hall of Fame

I think we're different from almost anyone else around because we are willing to stick with a store until it's profitable. In some communities, that has meant staying with an operation eight to 10 years. I'm always fond of saying that no one would do what we do; no one is that stupid.

Seriously, it's a long-range approach, and where we've done it we've had real success.

(Continued on page 7)



Maurice Segall
President, CEO, Zayre; Discounter of the Year

Zayre's Segall: Remodeling Vital

Looking ahead, I think that the seven chains that are currently doing almost 50% of the industry's business will continue to get larger, both by growth and by acquisition.

Only those discount store chains that are professionally managed will be able to survive and prosper in the coming years. When you look at the financial planning skills of most chains you realize most retailers are neophytes; they do not have the skills—the ROI analysis tools, for example—that are

(Continued on page 68)

Hills unveiled an experimental lobby area in its new Niagara Falls, N.Y., store that includes plant, tobacco and candy shops as neighbors of the snack bar, a standard section. *(DSN photo)*

Hills Tests Gourmet Housewares Dept.

BUFFALO, N.Y.—Hills tested a gourmet housewares section and an expanded lobby that included plant, candy and tobacco shops as it opened its fifth store here and its first in nearby Niagara Falls.

Hills' total in the Greater Buffalo market will reach seven when a store opens this fall in North Tonawanda, halfway between Buffalo and Niagara Falls.

The 360-sq.-ft. gourmet housewares section went into a former 83,000-sq.-ft. Saxon store in Niagara Falls, which, in turn, was a recycled W. T. Grant.

The expanded lobby went into both units. The 80,000-sq.-ft. Buffalo store is a former Naum Bros. catalog showroom that was also a recycled Grant. (Naum retained 30,000 sq. ft. of the ex-Grant and the showroom was revamped to follow the mass-display format used by Creative Housewares, is at the front of the housewares department and uses such specialty fixtures as metal rack and plank wood units to display copper accessories, stainless steel cookware and plastic storage goods.

The two ex-Grants had a large open lobby and Hills unveiled its first tobacco and candy shops and moved its horticulture department to this area as it tested a new front-of-store presentation.

(Continued on page 70)

See photos, pp. 55 and 57.

Ardan, a cataloger that is owned by the Carlson Companies which also owns Naum. See story, p. 3.)

Hills is testing gourmet housewares in a shop-type presentation to see if this merchandising will result in markedly greater sales than the same goods had in its regular housewares presentation.

The gourmet section, called

Arnold D. Friedman, Publisher, Dead at 81

Arnold D. Friedman
(1900-1981)

NEW YORK, N.Y.—Arnold D. Friedman, chairman, publisher and co-founder of Lebhar-Friedman Inc., died July 30th at his summer home on Long Island.

Mr. Friedman, with his late partners, Godfrey M. Lebhar and John S. Stern, founded the publishing company (which is today the nation's largest independent publisher specializing in retailing) in 1925 with a single publication called *Chain Store Age*.

Through the late 20's and 30's, Mr. Friedman and Mr. Lebhar actively supported major chains in their battles against mas-

(Continued on page 2)

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My Father, Our Chairman

Arnold D. Friedman, my father, died peacefully at his summer home July 30th. It is typical of the life he led that his last evening was spent on the phone talking about the business and viewing the wedding of Prince Charles. Arnold Friedman was a businessman, but more than that, he was interested in the world around him.

For 56 years, he guided Lebhar-Friedman Inc. He and his two partners, the late Godfrey M. Lebhar and John Stern, started a magazine called *Chain Store Age* in 1925. It was a success from the first issue, but after a few years my father, with his usual keen sense of timing, realized that retailing was not one chain store field, but many segments. He broke the one chain store magazine into three separate editions and with this courageous move, he formed the nucleus of Lebhar-Friedman Inc.

Years later, business newspapers, a directory division, a seminar division, a book division, a Japanese division, and even a music publishing company were added. Lebhar-Friedman became the largest publisher specializing in retailing in the world.

Arnold Friedman was a gentleman. His Southern background revealed itself in his courteous ways and slow drawl. He was generous, not only in terms of money, but more importantly, in the time he took to be with people and listen to them. Success never kept my father from being interested in and caring about people. He would take time to stop and talk to individuals, not only during the day, but late at night when they were sitting at their desks finishing up their work. He was never so busy that he couldn't take five minutes out to listen to someone's problems.

During the Depression, he paid the company payroll out of his own pocket, and by his drive, kept the company moving and prosperous. In the American business scene, commercialism, crudeness and cutting corners are sometimes a way of life—but Arnold Friedman stood above the crowd. He never "finagled." That, to him, was dishonest.

He was, to use one of his own phrases, "a man of parts." Extremely well-read and well-traveled, he brought a rare degree of sophistication and intellect to business. As most people grow older, their idiosyncrasies, foibles and moods get worse. In the case of my father, he became more tolerant and an even better executive as the years went on.

Arnold Friedman never forgot a favor. People who had helped him or befriended him were always remembered. Loyalty was very important.

My father ran our home as he ran our business, with love and affection. He was married to my mother for 50 years, and I have no recollection of them ever having an argument. When my sister, brother and I were young he would play with us, not as an adult, but as someone who enjoyed the games children played. His love of children continued with his grandchildren.

In my many years in business, I have met numerous executives and leaders, and I can safely say that Arnold Friedman stood taller than any of them. He was the best friend that I will ever have. Of course, I am prejudiced because I worked with him for 25 years and loved him for 47 years.

J. Roger Friedman
Son—President

Arnold D. Friedman, Publisher, Dead at 81

(Continued from page 1)
sive antichain tax legislation that threatened to cripple and eventually put supermarket, variety, specialty, food-service and drug chains out of business.

Mr. Friedman was the quintessential story of the poor boy who made good. Born and raised in the South, he graduated from Little Rock High, and after spending one year at the University of Illinois he decided to attend Columbia College. He graduated from college in 1922. His first job was as an advertising salesman on a consumer magazine. He then switched to business papers.

Mr. Friedman developed the idea for a chain store publication and went around to various publishers to sell them on this concept. During this time, he was out of work and was supported by one of his college classmates.

In 1925, Mr. Stern and Mr. Lebhar, who were already small business publishers, brought Mr. Friedman in as a partner on the condition that he become the publisher of the new *Chain Store Age* publication, sacrificing his original desire to be the editor.

The magazine became an instant success. Four years later, Arnold Friedman decided to divide the single publication into three, serving the supermarket, drug and variety fields.

The 1930's were difficult. At various times, Mr. Friedman had to pay the payroll with cash from his own pocket.

Sales Improve

The business grew and prospered. A directory division was purchased in 1947. Three business newspapers were started in recent years: *Discount Store News*, *Nation's Restaurant News* and *National Home Center News*. A Japanese paper, *Chain Store Age News*, was developed, and a music publishing division was formed.

Mr. Friedman's progressiveness and forward thinking were evidenced in recent years when he decided that the chain drug industry had changed and he converted a publication of 50 years standing from a magazine to a tabloid newspaper to better serve this retail field.

He was a founder of the American Business Press Inc., having served three years as its chairman. He was one of the original founders of the Association of Second Class Mail Publishers Inc., an association which is dedicated to paid circulation efforts and activities for business magazines and newspapers.

He received numerous awards from various retail and publishing associations, including the Henry T. Zwirner Award and an award from the National Association of Chain Drug Stores.

In 1975, on the occasion of the company's 50th anniversary, a special award was presented to him by the heads of the major trade associations, representing the supermarket, general merchandise, discount, restaurant and drug industries.

In addition to his publishing activities, he was also an active cattle rancher in New Mexico.

Wal-Mart's Bid For Big K Is Cut From $5 a Share to $2.75

BENTONVILLE, Ark.—The decline in the net worth of Kuhn's Big K has reduced Wal-Mart's bid from $5 a share to $2.75—from two-tenths of a $25 Wal-Mart preferred to just over one tenth—but that cost (which totals $7.5 million, including $411,000 worth of Kuhn's preferred) is just the tip of the Wal-Mart/Big K financial iceberg.

Wal-Mart must also assume approximately $27 million in Big K bank liabilities, payables of approximately $25 million, and total estimated capital costs (for remodels, closing stores and new inventory) of $40 million-$50 million, according to senior vice president S. Robson Walton. That makes the deal worth $100 million—and it may still be one of the most astute real estate deals turned recently by any retailer, in spite of the cost.

As development funds dry up, and store-opening costs rise, Wal-Mart has solidified its Southeast territories with almost 100 new stores at a cost (*including* inventory and remodeling) of approximately $1 million each. Even if the stores continue to produce at the Big K average of $3 million, Wal-Mart gains volume three times higher than total cost; and if the stores are brought quickly up to Wal-Mart standards, they should start producing $500 million in sales and net income of approximately $15 million a year.

Efforts are already under way to improve the operations of the Big K stores. Since July 3, Wal-Mart's transition team has been working (under Big K supervision) to get merchandise into the stores and improve the presentations.

Excessive shrink and markdowns at Big K were part of the reason the purchase price was reduced, and some suppliers had not started shipping Big K

(Continued on page 69)

Brenner Is Named Prange-Way Prez

GREEN BAY, Wis.—Stanley I. Brenner has been named to the newly created post of president of the 22-store Prange-Way discount chain.

Prior to his appointment Brenner was senior vice president of merchandising for Prange's department stores. Both the discount stores and department stores are divisions of H.C. Prange Co.

The restructuring, which also saw Larry Sommer, a Prange-Way divisional manager, appointed to the newly created post of Prange-Way's director of stores, was consistent with the company's long-range plans to segregate its various merchandising businesses into separate operating divisions, each functioning as a profit center, according to Henry C. Prange, chairman and ceo of the H.C. Prange Co.

Discounters Can Pop the Questions On Capitol Hill at NMRI Conference

NEW YORK, N.Y.—Discounters will get a chance to question Capitol Hill legislators and bureaucrats and to refine their lobbying techniques this September when the National Mass Retailing Institute holds its second National Affairs Conference in Washington.

The two-day conference, to be held Sept. 16-17, will get under way on the 16th with a reception dinner.

Sept. 17, Rep. Barber Conable Jr. (R-N.Y.) and Sen. William Roth (R-Del.) will be the featured speakers at a breakfast which will begin at 8 a.m. The agenda will include a discussion of the day's lobbying efforts, and meetings with legislators. A lunch on Capitol Hill with Jim Range, legislative counsel to the Senate majority leader, and Ari Weiss, executive director of the House Democratic Steering and Policy Committee, as guest speakers will follow.

In This Issue...

PLANE TALK. This issue's special Hardware Show section includes discounters' reports on tradeup, and present and projected hot items. (Pp. 17-49)

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Vol. 20, No. 17 August 24, 1981

Lechmere Shuffles Executives, May Build Up CE

WOBURN, MASS.—Lechmere, restructuring its merchandising staff, has named a new merchandise manager and realigned responsibility for several product categories.

Laying the foundations for a possibly greater emphasis on consumer electronics, Lechmere named Lou Bernucca, the general manager for Lechmere's records and tapes distributing company, as divisional merchandise manager for audio, television, record and tape products. The chain also upped Alan Basmajian, assistant buyer for records and tapes, to buyer for those categories.

The appointments follow the resignation of a buyer and assistant buyer in audio, as well as the resignation of a divisional merchandise manager who had responsibility for vacuum cleaners, office equipment, photography and calculators.

Rather than replace the empty divisional merchandise manager position, responsibility for office equipment and photography was shifted to Mike London, dmm of major appliances. He was also given charge of jewelry and watches.

Responsibility for vacuum cleaners was given to dmm John Gray, who already handled housewares, small electrics, tabletop goods, furniture and bedding. Gray will also serve as dmm of luggage.

An additional change was

(Continued on page 69)

How to Get the Most Out of Co-op Advertising

By Stephanie Shern
Partner, Arthur Young & Co., New York

Cooperative advertising is intended to benefit both the manufacturer and the retailer.

Yet all too often, its benefits are obscured by the difficulties of day-to-day implementation. As a result, many retailers do not participate fully in co-op advertising programs offered by more than 1,000 manufacturers. The retailers' lack of awareness is often the result of insufficient knowledge about how to use the programs or about administrative costs involved.

To find out more about using co-op advertising profitably, I spoke with Ed Kramer from our metropolitan office in New York. The metropolitan office provides consulting, accounting, auditing and tax services to many emerging businesses. Kramer is a consultant who assists clients in controlling their co-op programs as part of his responsibility in the financial planning and control function.

Kramer explained that manufacturers and retailers differ in their perceptions of the problems associated with co-op programs. Retailers sometimes believe manufacturers deliberately throw roadblocks in their way when they try to obtain reimbursements.

The following is a typical example: The retailer purchases merchandise and takes out an ad in the local paper. He sends the invoice and a copy of the ad to the manufacturer. In return, he receives a letter denying reimbursement because of a technicality such as "Your tear sheet was not a full page and did not show publication date and name," or "Your advertisement does not qualify because the name and logo of our firm was not prominently displayed." Is it any wonder that such an experience can dull a busy retailer's incentive to participate in co-op advertising?

Manufacturers often view the co-op advertising situation in the opposite way. Their programs are set up with specific objectives. In order to advance these objectives and control the program, they set up simple ground rules. To their dismay, retailers sometimes ignore the rules entirely or apply them carelessly.

Some of these problems will always exist. But they can be greatly alleviated by making one person—not a buyer—responsible for administrating and maintaining awareness of co-op programs.

A retailer must remember that manufacturers really do want co-op money to be spent. Manufacturers' programs are intended not only to induce retailers to stock goods by offering credits against purchases, but to pull those goods through the distribution chain by means of consumer advertising. If you understand these basic motives and appreciate the fact that manufacturers must have some rules to protect their interests, you can use cooperative advertising in creative ways best suited to your market.

For example, you might want to use unapproved media. Most cooperative programs are restricted to print media with auditable circulations so that advertising rates can be easily verified. But many alternatives to print forms can be useful at a local level. These include "Pennysavers," programs and yearbooks. Manufacturers will approve these if the rationale and cost are explained.

When you consider that most manufacturers offer from 3% to 5% of purchases as accrued credit toward co-op advertising, you realize what a significant part it can play in a retailer's marketing program.

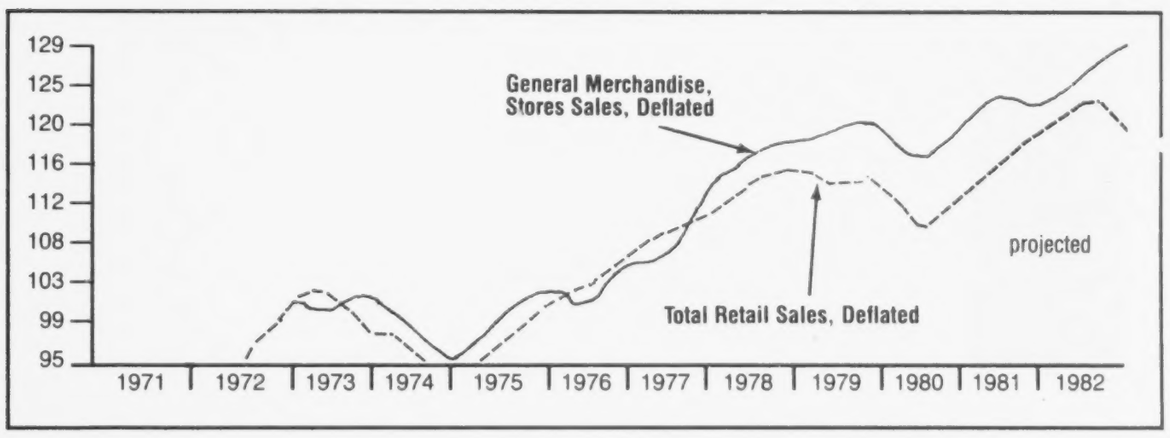
If you want to get the most out of co-ops, remember the following guidelines:

- Make one administrator responsible for your co-op programs. That person should be aware of what promotions are available, be able to explain manufacturers' ground rules to buyers, and maintain records of available credits by manufacturers. He or she also should prepare and coordinate claims requests.
- Be creative but always request the manufacturer's approval of your creative efforts in advance if you are going to deviate from co-op policies. Manufacturers want you to advertise, but they also want your marketing approach to be reasonable in cost and consistent with their objectives.
- Be fair to the manufacturer. A small percentage of claims received by manufacturers are fraudulent.
- Integrate co-op advertising into your total marketing plan. Don't let it be an afterthought. And be sure to encourage your buyers to take advantage of this effective retailing tool. The proper ad can be a good traffic-builder for your entire store.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association. She is also a member of the National Mass Retailing Institute, the National Retail Merchants Association and the American Institute of Certified Public Accountants.

L/F Econocycle

'Real' 6% Discount Store Sales Gains in September Are Seen



Discount store sales are set to climb at least 4% this month, then pick up speed to a 6%-plus rate of gain in September, according to the latest L/F Econocycle forecasts.

This strong upward lift in discount store sales runs parallel to similar trends projected for general retailing over the same two-month span.

Overall, in fact, discounters will outpace several major retail sectors over the current period. Drug stores, food service (fast-food, restaurant operations) and building materials/home center outlets are starting to slip from previous sales highs, the L/F computer now indicates.

Discounters and other related retail outlets are moving counter to the general trend—and should continue to outstrip the trends into late fall:

- Department stores, for instance, rolled up gains of 6%-plus in the second quarter and are heading for 7%-plus increases in the current sales period.
- Apparel specialists are gunning for an annual 8% gain this year—with projected step-up increases of 7%, 8% and 9% for the second, third and fourth quarters, respectively.

The L/F Econocycle projection forecasts a 5%-plus sales gain for the current quarter to back up a similar 5%-plus second quarter increase (see charts above).

Looking toward the third quarter, general retail sales are ticking slower than previously forecast—and are now projected slightly downward into the 4%-plus range (from previous expectations of 5% and more).

June sales in discount department stores far exceeded previous Econocycle forecasts, with many chains recording double-digit gains, even in comparable stores.

Target, for example, including the sales of Ayr-Way stores acquired during the third quarter of last year, had a sales increase of more than 50%. Excluding the Ayr-Way sales, the gain was 29%, most of which was same-store gains.

The first half has also seen a surge in unit sales of color televisions to retailers, up 20.3% over the first half last year. Video cassette recorder shipments rose 90% in the same period.

General Merchandise/Discount

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81* 1Q %	'81* 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change 1979 %	1980 %	1981 %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	11.5	10.0	6.4	9	6	9
Real sales (Deflated)*	1.9	−2.4	−3.4	−2.0	0.9	5.1	4.3	0.5	3	−2	3

Base = April 1981 Sales
*Projected

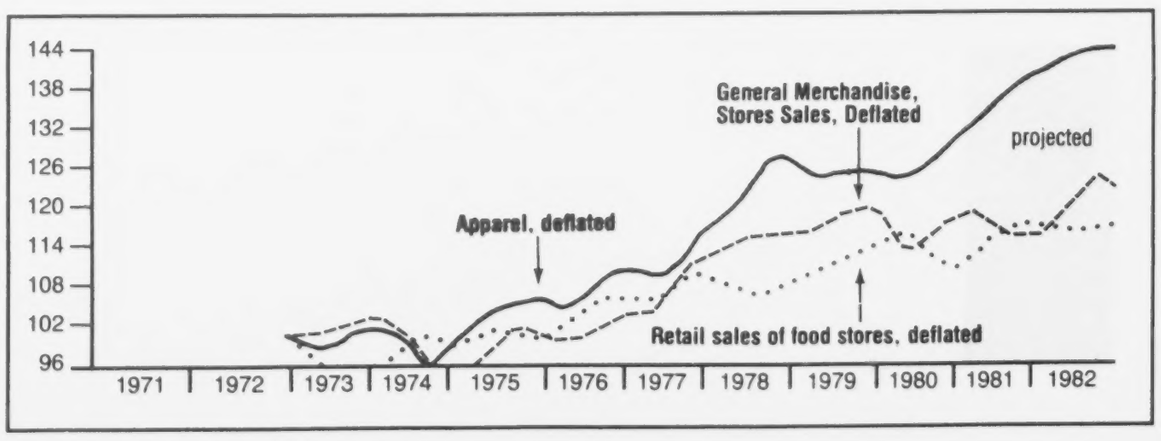
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	− 8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	− 1.5	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	8.5	14.1	5.1	6.4	5.8	5.8
1981	1Q*	10.0	10.4	6.8	8.5	10.1	8.3	9.7	7.9	8.4
	2Q*	13.8	10.7	10.5	19.8	9.3	13.9	11.6	11.5	12.1
	3Q*	12.1	8.3	10.8	15.5	8.7	12.3	12.4	10.0	11.0
	4Q*	11.6	8.0	8.9	5.4	5.8	12.0	12.4	6.4	8.9
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	7.0	9.0	10.0
	1980	7.0	11.0	9.0	− 3.0	12.0	5.0	5.0	6.0	5.0
	1981*	12.0	9.0	7.0	12.0	8.0	12.0	12.0	9.0	10.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	− 1.2	5.8	0.0	− 2.6	3.8	4.9	− 1.4	1.9	1.8
	2Q	− 5.0	4.9	− 0.1	−17.6	2.0	− 3.4	0.5	− 2.4	− 2.0
	3Q	− 4.2	2.0	− 0.9	−18.5	0.5	− 5.8	− 0.2	− 3.4	− 3.3
	4Q	− 2.9	− 0.6	− 1.8	−10.4	3.9	− 1.1	1.5	− 2.0	− 1.1
1981	1Q*	0.5	− 1.4	− 2.6	− 1.2	− 0.0	2.1	5.8	0.9	2.2
	2Q*	5.7	− 0.6	1.6	11.3	0.7	8.5	7.4	5.1	6 3
	3Q*	5.8	1.5	2.3	7.4	1.6	6.9	8.8	4.3	5.8
	4Q*	6.8	4.6	1.1	− 2.3	0.2	5.0	9.6	0.5	3.4
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980	− 3.0	3.0	− 0.7	−12.0	3.0	− 1.0	0.1	− 2.0	− 1.0
	1981*	5.0	1.0	0.6	4.0	0.6	6.0	8.0	3.0	4.0

Base = April 1981 Sales
*Projected



About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.

Hardware Show

Tradeups, Seasonals Score in Hardware

Nationwide DSN Report

After a generally strong year in seasonal goods—lawn furniture, ceiling fans, gas grills, bug-killer lights and mowers—a strengthening of consumer interest in other areas of the hardware department is also evident:

Step-up hand tools are reportedly doing well, as are higher-ticket power tools in both hand and bench-top models. Basic promotional stock in those categories are reportedly stagnant at many chains this year, however.

Buyers have generally focused on faster-turning merchandise this year in promotions, and made some floor-level changes in stores after last year's down year industrywide in basic hardware items.

"We have been promoting consumables in hardware this year, such as light bulbs and batteries, in order to generate repeat sales," said a spokesman at Pennsylvania-based Murphy's Mart. The chain is also building a larger program in power tool accessories, with a 5-ft. to 7½-ft. run planned, which is the same directions several others are taking this year.

Jamesway, Gee Bee and ALCO are among those concentrating on accessory sales, both in promotions and on the sales floor. ALCO devotes 6 ft. to power tool accessories and 4 ft. to power tools. Gee Bee decided to focus on accessories in promotions, but also changed its merchandising by doing away with 12-in. hanging hooks for carded merchandise.

"We have some 9-in. hooks now, but use mostly 6-in. and 3-in. hooks. By cutting down on the depth that way, we have freed up more dollars to use elsewhere," said a spokesman at Gee Bee.

The unquestioned hot category this season is ceiling fans, which most buyers feel is still a virgin market good for strong growth the next two seasons.

"We're having an excellent year, with a promotional model at 36 in. and step-up models at 48 in. and 52 in.," said a merchandiser at Pamida, which decided to go chainwide this year after tests last year.

Elsewhere, Heck's also decided to go chainwide after tests last year and is running a basic fan plus a step-up. T.G. & Y. pegged ceiling fans as the "biggest growth category" in hardware and imported several styles from the Orient this season. Caldor is promoting fans at more than $100. K mart offers several sku's in stores with building supply departments, with a high-end fan with wood blades at a $238 everyday price.

In seasonal goods, lawn furniture movement varied. Poor weather was cited by spokesmen at Magic Mart (Ark.) and Murphy's Mart for slow sales in some locations. At Zodys, a division of Hartfield-Zodys, a spokesman termed strong patio sales "a recovery year" after slow seasons the past two years.

A spokesman at S.E. Nichols cited reduced vacation travel as one factor in strong patio sales, as consumers spend more time at home. Nichols plans to bolster its lawn furniture with more redwood-type step-up sets.

Trade-up gas grills reportedly constituted most of the sales growth in that category, with clearouts of a model up to a $239 everyday price at Fishers Big Wheel and plans to double stock next season with trade-ups at Nichols. Murphy's Mart and ALCO are among chains considering grills for Christmas promotions.

Bug killers were strong sellers this year, with assortments in the industry running up to Meijer's Thrifty Acres' four sku's. A market is also developing for replacement bulbs at $7 at many chains. Formerly-hot string trimmers were a disappointment this year, buyers reported, as the market has passed its peak.

Step-up mowers such as self-propelled models were strong sellers, but buyer attention is now turning to deadman clutch requirements, which will boost mower prices in the future, generally by $20 to $35 per unit.

(Continued on page 65)

Higher-ticket Bench Models Are Eyed To Restore Lagging Power-Tool Biz

It has been an extremely slow year in basic power tools so far, and chains are looking to higher-ticket bench tools as one possible volume salvation.

Two significant developments from manufacturers also hold a promise of growth later this year: First, main supplier Black & Decker has put together a $5 rebate program on four of its Value Plus power hand tools for the Christmas season, as well as introducing new bench-top power tools and an electric stapler to create new-product growth.

Second, McGraw-Edison's power tools have been redesigned and repackaged under the Shopcraft name by a new company, Benchmark. Buyers at several chains expressed interest in the new line—though interest was greater in the bench-top tools than in the company's line of hand tools.

Chain buyers and distributors alike report stagnant sales in promotional hand tools this year—meaning a significant drop in unit sales, given cost increases that average 12% to 16% industrywide from a year ago.

Buyers report better movement in step-up power hand tools—generally following the thrust of Black & Decker's national advertising. Unlike the past few seasons, when chronic shortages in promotional models had hardware buyers upset, there is ample supply of product this year. The problem is softer demand.

Though summertime promotions at several chains—such as K mart, Heck's and Rink's—still featured basic promotional models in power hand tools near a $12 price point, the main trend in the industry has been toward the heavier and higher-ticket variable speed reversing drills and larger circular saws. This has pushed promotional prices in the category to $20 and more. Jefferson/Ward offered across-the-board reductions of 25% in power tools in order to stimulate growth.

"I think the demand for power tools is reaching a plateau," said a spokesman at Murphy's Mart, echoing the thoughts of many hardware buyers who feel the market is near its saturation point.

To stimulate growth in the category, Murphy's Mart has been running special promotions such as a Father's Day offering of B&D tools at $9.99. Included were the Jackrabbit pump, electric stud finder, portable vise and the drill guide. "The electric stud finder was the sleeper of the whole bunch," the spokesman said.

Several discounters, Murphy's Mart among them, are testing or have already begun to import bench-top tools such as promotional drill presses to take up the sales slack in the category. (Murphy's Mart runs a promotional drill press at $25.)

Pamida's mix is also an example of the trend to more sophisticated home power tools. A spokesman at the chain said: "Basic promotional power tools have been only so-so in sales, but the trade-up tools are doing better. The customer already has a drill and a saw. He's going to be looking for something else. We have drill presses in on a test-store basis, running up to $99, but it's too early to tell if we are going chainwide."

The problem in power tools in the past has been profitability—B&D items are often run on margins of only 3% to 5%—and a move to higher-

(Continued on page 65)

H. J. Wilson, Baytown, Tex., uses a mass-display approach similar to discount stores, by showing power tool samples above boxed stock with accessories displayed on long J-hooks. *(DSN photo)*

Dept. Size More Than Doubles in Last 10 Years

	1970	1975	1976	1977	1978	1979	1980	10-year change	5-year change	'80 vs. '79
Dept. Size (sq. ft.)	2,200	3,225	4,180	4,450	3,195	3,210	4,485	+104%	+39%	+40%
Annual Turns	2.7	3.5	3.5	3.3	3.1	3.0	2.8	+ 4%	−25%	− 7%
Volume Per Sq. Ft.	—	$ 82.00	$ 86.00	$114.08	$122.47	$132.91	$138.00	—	+ 68%	+ 4%
Initial Markup	38%	40%	43%	41%	39%	41%	42%	+ 11%	+ 5%	+2.4%
Gross Margin	35%	36%	36%	35%	34%	36%	37%	+ 6%	+ 3%	+2.7%

Source: DSN research

The increased investment most chains are making in the hardware department is apparent in the growth of the department size—which has more than doubled in the last 10 years—and the concurrent increase in sales per square foot, reflecting new lines and higher tickets. Like other departments, hardware had some slippage in inventory turns, but higher initial and maintained margins will hold the line on gross margin dollar production.

PRODUCT MOVEMENT AUDIT

Interest Rates Inhibit Buildup Of Inventories

While June sales were strong, hardware buyers continued to play inventories close to the vest this spring, as a defensive response to high interest rates.

An unusually wet spring also kept seasonal department stocks on a short leash—so that even when the weather broke many buyers resisted building inventories, figuring it was a risk that late in the season.

As a result, the combination of the late spring and conservative buying by chains took its toll on June hardware and seasonal sales, putting us 15% behind last year's first-half sales, Ed Russ, executive vp, Stem Distributing, said.

Consequently, the distributor will continue to trim sku's—looking for the most productive items in each line—and find new ways to serve its custom-

(Continued on page 28)

Senate Bill Would Repay Retailers For Tris Losses

NEW YORK, N.Y.—In its most recent update of Government affairs, the National Mass Retailing Institute included the following news:

- The Senate approved S. 823, a bill which repays industry for losses incurred as the result of the 1977 Consumer Product Safety Commission ban on the use of Tris in children's sleepwear. Under the bill, retailers would be among those eligible to collect damages. Losses incurred by industry as a result of the ban have been estimated at $50 million. Under the terms of the legislation, the U.S. Court of Claims would decide suits filed by companies and order payment by the Federal Government.
- A number of bills have been introduced in both the House and Senate to provide for a subminimum wage for youth. Most of these bills set the youth subminimum at a certain percentage of the regular minimum wage; others would eliminate youths up to the age of 18 from the minimum wage law altogether. Hearings have been held on the various legislative proposals by the Senate Subcommittee on Labor.

The NMRI mailed its members a copy of "NMRI's Directory of the 97th Congress." The booklet is an invaluable aid for those members needing names and numbers of representatives in Washington. The binding of the book is designed so it can be taken apart for insertion of revised pages, which NMRI will distribute. Copies of the directory are available at no charge to NMRI retail members and at a nominal charge to others. Please write to: National Mass Retailing Institute, Congressional Directory, 570 Seventh Ave., Room 900, New York, N.Y. 10018.

HARDWARE

These figures for the 30-day period ended June 30, 1981, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores including 480 discount department stores in 35 states. Average retail prices reflect typical price points for discount chains.

IMPORTS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	A3001 Int/Sls floorjack 1½ ton	232	58.50	13,572.00
2	T221 Int/Sls 21 pc socket set	561	7.84	4,398.24
3	T109 Int/Sls 21" bow saw	816	3.25	2,652.00
4	T208 Int/Sls ⅜" Drill 8 pc deep skt	366	6.58	2,408.28
5	T40 Int/Sls 4" bench vise	166	14.25	2,365.50
6	H125 Int/Sls Plastic Spline tools	1,872	1.18	2,208.96
7	A2000 Int/Sls Hydraulic Jack, 2 ton	200	9.96	1,992.00
8	T111 Int/Sls 30" bow saw	420	4.48	1,881.60
9	T199 Int/Sls Wood Handle S/D set 7 pc	420	4.48	1,881.60
10	T113 Int/Sls 7" one deep hole saw	768	2.23	1,712.64
11	T184 Int/Sls 6 pc combination wrench	288	5.79	1,667.52
12	T152 Int/Sls 16 oz tub claw hammer	457	3.52	1,608.64
13	T193 Int/Sls 5 pc O/E wrench set	384	4.09	1,570.56
14	T510/Pw10T Int/Sls Pipe Wrench 10"	336	4.48	1,505.28
15	T143 Int/Sls 6½" long nose pliers	654	2.23	1,458.42

LAWN & GARDEN

1	51125 Toro Trimmer/Weeder 900	1,234	28.17	34,761.78
2	301-400 AMCOR electric bug killer	234	110.56	25,871.04
3	SK 140 Paramount line trimmer 14"	380	57.01	21,663.80
4	1020 Diston G/shear cdless w/power pack	800	26.22	20,976.00
5	CE70/5602 Paramount Cordless trimmer	357	57.40	20,491.80
6	500/501-50 colorite Vinyl hose	4,870	3.36	16,363.20
7	575875 Signet hose ⅝" radial Z-7	942	12.51	11,784.42
8	1-6901 Bag-a-bug beetle trap	1,536	7.25	11,136.00
9	151i-50 Color ½ vinyl tire-cord	1,760	5.78	10,172.80
10	8216 Fletcher tomato support	4,824	1.97	9,503.28
11	61 Melnor rain osc sprinkler	1,800	4.83	8,694.00
12	XR1150 Elec Prod bug killer ½ acre	90	79.86	7,187.40
13	2503 Melnor traveling sprinkler	134	51.33	6,878.22
14	405850 Signet hose ⅝" reinforced	695	9.61	6,678.95
15	SLR tempr L & Handle round pt shovel	990	6.15	6,088.50

BLACK & DECKER

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	7308 7¼" circular saw	426	36.38	15,497.88
2	7127 ⅜" Drill var speed rev	610	22.05	13,450.50
3	9330 Dustbuster	429	28.92	12,406.68
4	8215 Lawn edger utility	154	53.72	8,272.88
5	7404 Sander dbl/Ins	355	21.32	7,568.60
6	79-020 Bench Workmate	184	37.83	6,960.72
7	7104 ⅜" drill dbl/insul	314	16.53	5,190.42
8	7190 ⅜" drill v/s rev-lock	160	31.24	4,998.40
9	71013 13 pc H/S drill set	472	10.52	4,965.44
10	95-100 Electronic stud finder	456	10.87	4,956.72
11	7504 Jig saw dbl/insul	324	13.30	4,309.20
12	7004 ¼" drill dble/insul	340	12.62	4,290.80
13	79-003 Workmate single htg	80	47.07	3,765.60
14	7300 5½" Circular saw	133	28.28	3,761.24
15	7035 ¼" Drill vs rev trade	65	53.97	3,508.05

TOOLS

1	TX9 Bernz fuel cylinder	3,636	2.47	8,980.92
2	UL100 Bernz Propane blow torch	882	9.43	8,317.26
3	T50 Arrow Staple gun chrome	422	15.39	6,494.58
4	OX-2500 Bernz tote torch kit	153	32.99	5,047.47
5	PL 316 Stan 16' Powerlok tape	490	9.25	4,532.50
6	K110 USM multihead Rivet tool	511	7.37	3,766.07
7	PL 320 Stan 20' Powerlok tape	354	9.97	3,529.38
8	PL425 Stan 25' Powerlok tape	316	11.07	3,498.12
9	211 ½ Stan HMR 16 oz CLW wood/handle	671	4.84	3,247.61
10	JT25 Bernz Torch kit Plastic Box	144	21.22	3,055.68
11	PL10 Stan 10' Powerlok tape	576	5.17	2,977.92
12	ST1A Stan hammer 20 oz Rip stl	234	12.72	2,976.48
13	206 Trucraft 6 adj wrench chrome	584	4.76	2,779.84

(Continued on page 28)

Here's the product 9 out of 10 super glue users have been hoping someone would invent

No clog bottle

"Works on almost everything"

Your customers will prefer new Ultra over the best selling brands combined because it has a breakthrough multi-purpose formula.

Independent consumer research shows that customers prefer Ultra over the best selling brands combined by a margin of ten to one. And it proves that your customers will buy new Ultra because it does what they want, it "works on almost everything."

No more double inventory

Because new Ultra "works on almost everything," you no longer need one glue for wood and leather and another for other materials. That eliminates double inventory, double stocking and double paper work. New Ultra eliminates work for you and increases your profits at the same time.

No more frustrated customers

New Ultra ends customer frustration because it's packaged in an easy-use, no-clog bottle. You get many more satisfied customers and a drastic elimination of product returns.

No more confused customers

New Ultra comes in a striking easy to read, easy to find package that really sells. It tells your customers exactly what it will work on. Big and bold. Add to this the dynamic counter and floor displays that work hard to move the products for you and you'll experience super satisfaction in super glue sales. Best yet, new Ultra will build return sales for you. Once your customers use new Ultra they'll be back for more. Because the more often people use Ultra, the more uses they'll find for it.

For a detailed and fact filled brochure describing the results of independent consumer research and technical laboratory testing on new Ultra Super Glue write or call 800 521-8246.

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PRODUCT MOVEMENT AUDIT

Inventories

(Continued from page 27)

ers. "For the first time this spring we put a flyer together for one of our customers and then supplied it with all of the goods advertised," a buyer for the distributor said.

The flyer, a 12-page, newspaper-distributed insert, contained roughly 150 sku's—"a good mix of automotive, hardware, plumbing, electrical, hardware and sporting goods items." He added: "This was the first time we put a package together for consumers, and we plan to do more of it in the future."

To trim sku's, Russ said the company is looking closely at its power tool line: "We are seriously thinking of getting out of Skil and cutting back on Wen," Russ said. "We may decide to keep one or two Skil items, but we will make our final decision within the next 30 days."

As for Wen: "We'll continue to carry the line but not to the extent we have in the past. One area where we definitely will get out of the Wen business is chain saws. I do not anticipate replacing them with anyone else because it's generally a direct business."

The bulk of the distributor's power tool business will be in Black & Decker, and new product introductions by the giant manufacturer may force further trimming in the Stem warehouse.

Two new B&D items, an electric tacker and a nail gun, will compete with Swingline and Arrow models, and may eventually preempt them from Stem's listing. In any case, the new B&D items will take business from Arrow and Swingline.

Year-to-date sales of power

(Continued on page 29)

Utah K mart Has Remodeled Interior

LAYTON, Utah—The 95,000-sq.-ft. K mart recently opened here, just north of Salt Lake City, is one of the first western stores to incorporate the chain's remodeled interior design tested in Indianapolis units last fall.

Counter heights have been raised to 6 ft., allowing for more backup merchandise on the selling floor, and several department adjacencies have been shifted to what K mart officials consider more logical locations.

The delicatessen area has been relocated behind the checkouts, instead of in front of them in the main store, to allow customers to purchase perishables last, and the jewelry and camera department has been shifted into the former delicatessen area, near the entrance to the store.

The Layton unit also utilizes the better-defined home center, encompassing building materials, hardware, power tools, horticulture, electrical supplies, lighting and a variety of home improvement/do-it-yourself items in a single large department.

HARDWARE

(Continued from page 27)

POWER TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	943 Wen 7" sander polisher	160	47.37	7,579.20
2	8200 Pk weller 100/140 W solder gun	250	18.65	4,662.50
3	1150 Pro-arc Arc welder kit 115 volt	34	113.81	3,869.54
4	PR Wen 3" Belt sander dbl/ins	73	47.37	3,458.01
5	574 Skil 7¼ 13¾ HP circular saw	86	39.38	3,360.88
6	1050 Pro-arc Arc welder kit 115 volt	46	69.38	3,191.48
7	W-280 Wagner power painter	30	98.44	2,953.20
8	490 Skil st/line/orbital sander	61	39.09	2,384.49
9	497 Skil blx var/speed jig saw	47	43.17	2,028.99
10	584 Skil var/rev ⅜" drill	66	29.31	1,934.46

PLUMBING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	PM3600 Flo Plastic pump pedestal	70	68.02	4,761.40
2	2125 Ketstone Portable add-a-shower	222	19.90	4,417.80
3	560 U-Plm toil tank repair kit	630	5.33	3,357.90
4	TC8300 Aqua Lav faucet w/popup Zhan	112	27.85	3,119.20
5	TC1100 Aqua Kitchen faucet 2 handle	111	24.23	2,689.53
6	88TM White Al/amer wood toilet seat	336	6.84	2,298.24
7	SC3000 Flo cast Iron Pump-submers	17	110.98	1,886.66
8	B600 Manco duct tape 2" X 60 yd	353	4.68	1,652.04
9	5102 Nasco Master Plumber quart	1,272	1.25	1,590.00
10	DMP 21 HK Flo Drill Pump kit w/hose	230	6.09	1,400.70

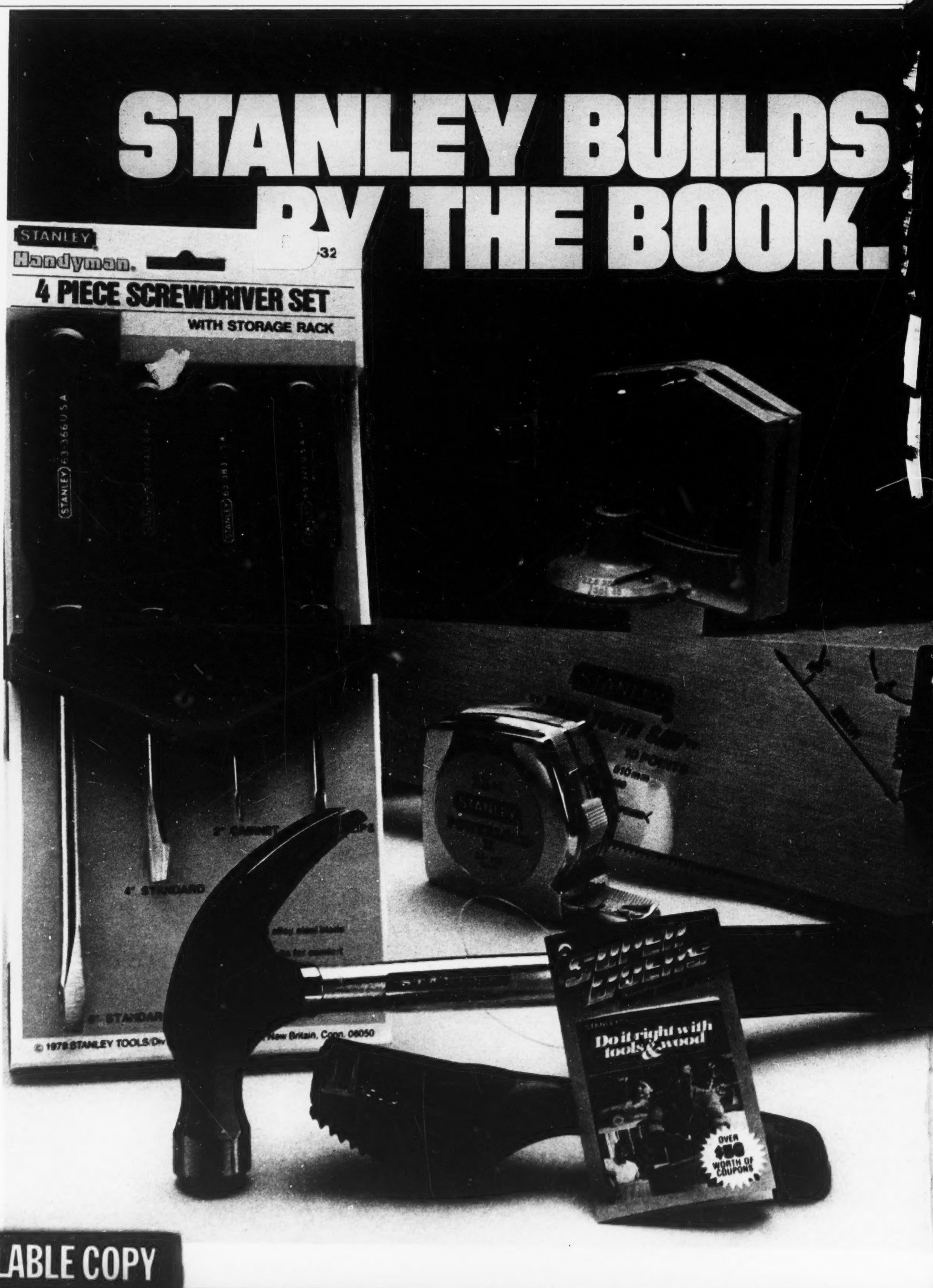
PAINT

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	0013 Formby 32 oz Furniture refinish	726	7.75	5,626.50
2	2766/7792 13 oz Rust gloss white	1,296	2.68	3,473.28
3	634/7779 13 oz Rust gloss black	1,164	2.68	3,119.52
4	1501 Borden Krylon gloss white 13 oz	1,008	2.43	2,449.44
5	769/7769 13 ox Rust red primer	810	2.68	2,170.80
6	412/7776 13 oz Rust matte black	738	2.68	1,977.84
7	7278/7777 13 oz Rust satin black	630	2.68	1,656.24
8	470/7715 Pt rust gloss black	342	4.61	1,576.62
9	634/7779 qt Rust gloss black	342	4.61	1,576.62
10	1601 Borden Krylon gloss black 13 oz	624	2.43	1,516.32

PAINT SUNDRIES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	LN601S Macco Liquid nail adhesive	7,248	1.30	9,422.40
2	201-WHT Easy caulker foam caulk	2,328	3.32	7,728.96
3	409-TTA-90 EZ 9 in Twin Pak covers	7,632	0.80	6,105.60
4	938-TAP-90 E Z 3 pc paint set	2,358	2.36	5,564.88
5	584/PKI/MK-410 Masking tape ¾ x 40	9,408	0.53	4,986.24
6	200BX Krazy glue 0.07 fl oz	4,000	1.09	4,360.00
7	01103 Savo Pt/remover paste strpee	368	9.56	3,518.08
8	1304S/G104-AO-73 EZ 4 pc brush set	1,872	1.69	3,163.68

(Continued on page 29)



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HARDWARE

(Continued from page 28)

Jefferson gives endcap space to extension cords at its Woodbury, N.J., store. The cord assortment carries the label of the chain's parent, Montgomery Ward. *(DSN photo)*

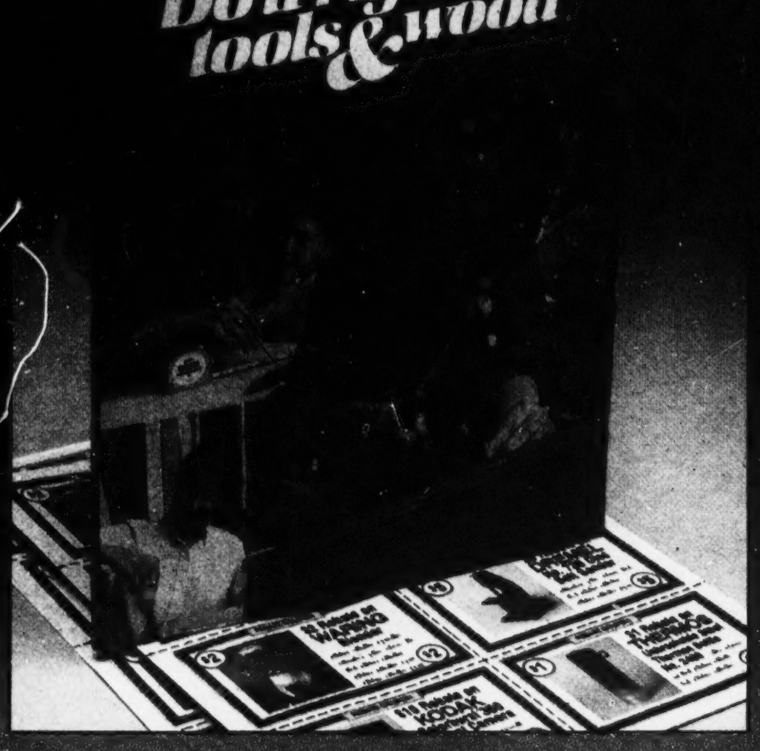
$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	ELECTRICAL			
1	3354-50' 16/3 Rd cord ext outdoor	768	7.69	5,905.92
2	CFL22 con-serv Fluor lite scru-in	492	9.92	4,880.64
3	3151-50' 16/2 Rd cod-ext outdoor	683	6.85	4,678.55
4	DR 600RS lutron UL Rotary dimmer R	562	4.07	2,287.34
5	3302-100' 13/3 RD cord ext-outdoor	173	13.06	2,259.38
6	3101-100' 16/2 RD cord ext-outdoor	179	12.04	2,155.16
7	1219-60 Tape import PVC ¾ x 6 oftc	3,848	0.55	2,116.40
8	SL-IK Flor shop lit comp 40 W-48"	114	16.14	1,839.96
9	104 Amp all purpose elect repair kit	147	10.80	1,587.60
10	U100 Aliance Tena-Rotor Automat	27	51.09	1,379.43
	HOME IMPROVEMENT			
1	G2420 garbage bag H.D. 26 gal/20 cn	5,640	2.54	14,325.60
2	310 BLK Natco rub mating 36 x 105'	32	250.56	8,017.92
3	36 in/736 screen wire alum 7"	1,700	3.57	6,069.00
4	40061-36-9 Peer chain TWLP 2/0 20 orl	88	49.83	4,385.04
5	30 in 730 Screen wire alum 6' 4"	1,620	2.68	4,341.60
6	24 in/724 Screen wire alum 6' 4"	1,800	2.25	4,050.00
7	WDP-2 Manco Wonderstrip brown	936	4.15	3,884.40
8	WDP-1 Manco Wonderstrip white	936	4.15	3,884.40
9	730 Perfection portable heater UL	92	41.61	3,828.12
10	40302-36-1 Peer chain PRF	27	124.57	3,363.39

YOUR BUSINESS

SUPER DOERS™ BOOK OFFER MAKES YOU SUPER DOLLARS!

STANLEY

Do it right with tools & wood



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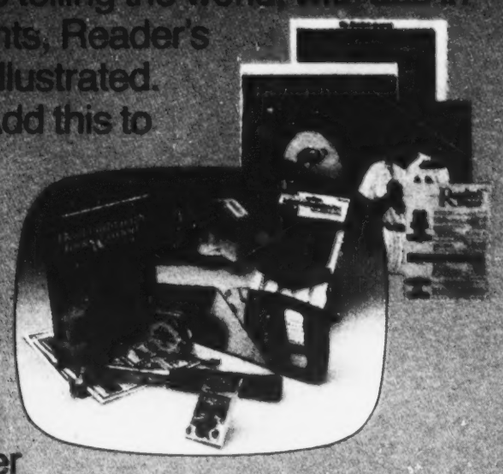

Only Stanley puts this kind of offer together. Only Stanley helps you sell to "Super Doers" (you even get SUPER DOERS HEADQUARTERS store signs). Call your Stanley representative. Or write Stanley Tools, Division of The Stanley Works, Box 3000, New Britain, CT 06050.

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KODAK, BERNZOMATIC, THERMOS, CUPRINOL, CORNING, HOMELITE, BLUE LUSTRE, WARING, DREMEL, CAROL CABLE, POLYSEAMSEAL, GENERAL ELECTRIC, STANLEY

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PMA® PRODUCT MOVEMENT AUDIT

Inventories

(Continued from page 28)

tools, including B&D, are down roughly 7.5%, but some of that is due to B&D filling its pipeline in the first half of 1980 after months of product shortages.

For example, in June 1980 the distributor sold 2,136 units of the #7127 ⅜-in. variable speed reversible drill; this June it sold 610. "Last June we finally started getting goods that had been out of stock for six months," Russ explained.

This June some plus business in the category came from B&D's new #7308 7¼-in. circular saw. "We sold 426 pieces in June," Russ said, "and a B&D price cut on the item (at presstime) will further stimulate sales—and hurt Wen."

The power tool business will remain relatively stable for the next couple of months, "then we'll begin to play up the category in our promotions geared for Christmas," he noted.

In lawn and garden, record sales of Toro's #900 trimmer/weeder (1,234 units sold in the 30-day period this year compared to 393 in the same period a year ago) were due in part to a Stem closeout. "We found that a number of our customers declined to promote the item this year," a Stem buyer reported.

The experience, however, has not changed his plans for next year. "We'll remain in the category with gas, electric and cordless models," he said, adding that sku's and vendors for next year had not yet been decided.

Unit growth will come from gas-powered models, but dollar volume will come from electric-powered units, he said.

Bug killers are a growing category. Sales of Amcor's 301-400 were up 25% over June 1980's volume, and Electric Products' XR1150 made it into the top listing for the first time.

Another growing seasonal category (listed on the paint sundries PMA) is aerosol caulking.

Its sales were just beginning to move at presstime—and thus showed only light movement on the June PMA (the latest period for which figures were available)—but by the end of the prime Aug. 1 to Sept. 30 period, the buyer expects to see a 15% to 20% increase in the category's volume.

Month's Business Up 51% at Target

MINNEAPOLIS—Target Stores reported an increase of 51% in June sales (including the sales of acquired Ayr-Way stores), and 29% not including the Ayr-Way results.

Target's parent corporation, Dayton Hudson, reported an overall sales gain of 31.4% in June, to $428.3 million. Excluding the Ayr-Way sales, Dayton Hudson's sales gain was 23.4%. Same-store gains for Dayton Hudson were 12.5% for June and 10.5% for the 22-week period ended July 4. Target usually leads Dayton Hudson in same-store gains, so comparable Target stores sales gains in June probably exceeded 12.5%.

PRODUCT MOVEMENT AUDIT

It's Green Light For the Plant Accessory Biz

By Marvin Deneroff
General Manager, Hardware Distributors

Discounters jockeying for inventory position to offset the pressures of the economy have prompted distributors to do the same.

In the last six months we have made many changes in our merchandise assortment including reworking our seasonal lawn and garden mix, and reshaping our low and high price-point ranges in many of the hardware categories.

In lawn and garden, for example, we have completely changed our orientation, moving away from the chemicals, lawn care equipment, and hoses we have always carried and moving into the planter business and plant accessories.

We got into the business about six months ago in response to our customers' needs and it has become a very profitable category.

In hand tools we expanded our Cooper and Stanley lines by about 50%. We found that to really do a job in hand tools, we needed a longer line. At the same time, we also added some higher-priced items because we find that consumers are more willing to spend a little more for better quality. These sales, though, have not come at the expense of tool sets which are still doing well.

In fact, the two top-selling items on this month's PMA were tool sets: First place went to Bostitch's Pop-Rivet tool kit which carried an average retail of $9.99, while second place went to Fuller's six-piece combo wrench set, also retail priced under $10.

Both of these items continue to be prime candidates for department promotions with discounters generally knocking $2

(Continued on page 36)

HARDWARE

These figures for the 30-day period ended June 30, 1981, supplied by Hardware Distributors, Secaucus, N.J., cover 350 stores, including 141 discounters in 20 states east of the Mississippi. Average retail prices reflect typical price points for discount chains.

LAWN & GARDEN

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Plymouth 5/8 x 50' hose	534	7.99	4,266.66
2	US Leisure 9" clay pot	354	6.99	2,474.46
3	Phillips AW21 56-oz watering can	900	2.29	2,061.00
4	Cord Craft 03 rope crafted adj	240	5.29	1,269.60
5	Koba Corp 8-in hanging basket	1,140	0.99	1,128.60
6	Cord Craft 052 rope bulky design	288	3.49	1,005.12
7	Cord Craft hi rope braided olefin	444	2.19	972.36
8	014 rope w/4 beads	360	2.19	778.40
9	America 32-oz bottle plant spray	384	1.79	687.36
10	Misco CP800 8" cylinder pot, brwn	180	3.79	682.20
11	Misco CP800 8" cylinder pot, sand	180	3.79	682.20
12	Phillips WL6 6 3/8" wet/look pot	372	1.79	665.88
13	Dynamic marble hang onyx	400	1.59	636.00
14	Phillips WL7 7 1/2" wet/look pot	252	2.49	627.48
15	US Leisure 10" clay pot	144	4.29	617.76

HAND TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	USM Corp K110 pop-rivetool kit	431	9.99	4,305.69
2	Fuller 1374 6-pc comb wrench set	239	9.99	2,387.61
3	Cooper Grip Y25 3/4 x 25' yellow Mezurlo	133	14.99	1,993.67
4	Stanley PL12 12' Powerlok tape	250	7.49	1,872.50
5	Peterson 6LN 6" Vise-Grip long	209	8.29	1,732.61
6	Cooper Grip Y16 3/4 x 15' yellow Mezurlo	120	13.99	1,678.80
7	Peterson 10Wr 10" Vise-Grip w/cu	161	8.29	1,334.61
8	Fuller 1474 6-pc OE wrench set	187	8.49	1,587.63
9	Roe Inter PC100 100' long tape	131	11.49	1,505.19
10	Fuller 8" adj angle wrench #8	223	6.49	1,447.27
11	Fuller #16 campers axe w/sheath	159	8.99	1,429.41

HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Amer Built 2" x 10 yds duct cloth	2,568	1.29	3,312.72
2	Storm king door closer	326	6.49	2,115.74
3	Handi-Man HC15 Fastener shop chest	144	12.99	1,870.56
4	Ideal sec SK95 doorcloser silver	268	5.99	1,605.32
5	Amalgamated PP45 400' PP cot twine	1,800	0.89	1,602.00
6	Amalgamated NBH65 50' nylon braid rope	444	3.59	1,593.96
7	Amalgamated PPC1 1/4" x 100' poly rope	312	4.99	1,556.88
8	Ferum 10 x 12" grey shelf brack	1,512	0.99	1,496.88
9	Arno tapes B704 14 yds tiger tape	467	3.19	1,489.73
10	Arno tapes RT25 2" ducttape	708	1.99	1,408.92
11	Gemini ST10B Mailbox RFD#1 Black	166	7.99	1,326.34
12	Closet 1040 4' shelf white	108	11.99	1,294.92
13	Ideal SK11 Pushbutton latch	148	7.99	1,182.52
14	Closet 1030 3' shelf white	114	9.99	1,138.86
15	Closet 8021 18" 3-tier rack	78	13.99	1,091.22

POWER TOOLS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	B&D Dustbuster	582	36.99	21,528.18
2	B&D 9600 Stowaway step stool	665	25.99	17,283.35
3	B&D 7127 3/8" drill VSR	139	28.99	4,029.61
4	B&D 7308 7 1/4" circ saw	72	46.99	3,383.28
5	B&D 7224 1/2" drill double handle	36	53.99	1,943.64
6	Shelton HP1030 10 gal jet vac wet	19	94.99	1,804.81
7	B&D 7104 3/8" drill	76	20.99	1,595.24
8	Shelton HP535 5-gal fet vac wet/dry	21	74.99	1,574.79
9	B&D 7504 jig saw	87	16.99	1,478.13
10	B&D 7390 V/P 7 1/4" dlx oir	20	61.99	1,239.80

(Continued on page 36)

Mfrs.' Shipments Of Appliances in June Rise 29%

CHICAGO—Appliance manufacturers shipped 3.1 million major appliances in June, a three-year high for the month and an increase of 29% over June 1980. According to the Association of Home Appliance Manufacturers (AHAM), the 3.1 million units included gains in almost every category.

Room air-conditioners rose more than 100% from last June. Dishwashers (18.2%), disposers (18.1%), refrigerators (19.8%), and clothes washers (18.1%) all rose just less than 20%, while microwave ovens (27%) and clothes dryers (25.8%) performed even better. Freezers and electric ranges also gained, but were limited to 7.8% and 14.1% advances, respectively.

Room air-conditioners and microwave ovens continued to pace the shipment increases for the year, with first-half gains of 49.9% and 35.4% respectively.

SAVE A FEW THOUSAND DOLLARS WITH GE's FREE LIGHTING ENERGY AUDIT.

General Electric Watt-Miser® II fluorescents and other GE energy-efficient light bulbs saved a bank in Maryland $2,000 a year, saved JCPenney $19,000 a year *in one store*, and saved Sloan's $24 *a fixture* in its 41 supermarkets, or nearly a half a million dollars a year.

Many other GE customers are saving thousands of dollars just by replacing the standard lighting products in their existing fixtures. That's why lighting energy savings offer one of the *quickest paybacks* of any energy saving you can make, with no capital investment.

Maybe GE can save you lots of money too. All you have to do is cut out the form below, fill it out and mail it to us.

When you do, you'll receive a *personalized* computer-generated analysis of potential savings and other benefits when using GE energy-efficient lamps.

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GENERAL ELECTRIC

C-150C

SEE WHAT YOU CAN SAVE WITH GE's FREE LIGHTING ENERGY AUDIT.

Fill out this form and mail to General Electric Company,
Lighting Energy Audit, Department DS-1, Nela Park, Cleveland, Ohio 44112.

Now in use		Total Number	Lighting hours per week
Standard Fluorescents			
12	4' F40/RS	____	____
20	8' F96	____	____
28	8' F96HO	____	____
36	8' F961500MA	____	____
Recessed Downlight Floods			
44	75R30/FL	____	____
52	150R/FL	____	____
Incandescent Bulbs			
60	60 Watt	____	____
68	100 Watt	____	____
PAR-Lamps			
76	150PAR/FL	____	____
84	150PAR/SP	____	____
Mercury			
92	400 Watt	____	____

Now in use		Total Number	
Ballast			
	4' F40/RS	____	100
	8' F96	____	105
	8' F96HO	____	110
	8' F961500MA	____	115

My energy rate is $ ___ . ___ per kilowatt hour 120
(Divide total dollars from your last bill by total kilowatt hours used.)

Please send the savings analysis to:

Name _____ 124
Company _____ 159
Address _____ 194
City _____ State _____ 229
Zip Code _____ 264
Phone _____ 269

☐ Please have someone come out and help me fill out this form. 294

_____ 295

Fill out this form and mail to General Electric Company,
Lighting Energy Audit, Department DS-1, Nela Park, Cleveland, Ohio 44112

PRODUCT MOVEMENT AUDIT

Green Light

(Continued from page 35)

or $3 off the everyday price to generate traffic in the area.

Security hardware has also become a big category for us. We still keep a basic inventory but we have expanded our mix by about 20% by adding other types of chain door locks and timers, and we also expanded our padlock and deadbolt assortment.

In this last group for example, we added some better-price deadbolts—in the $22-to-$24 range. We don't do a big business at this end but we find that our customers like to keep one or two of the better-priced sets around.

Elsewhere in the category, and in plumbing and electrical, it's been business as usual, with June ordering a little heavier only to carry us through July when many manufacturers close for vacation.

The power tool business has just not been good since last Christmas, and we will be more conservative for the fall.

Our plan is to stick with the utility tools and a few step-up items. With this game plan in mind, it seems doubtful that the new Black & Decker products will be terribly meaningful to us. It is likely that we will add the electric stapler in the fall, but we'll probably pass on the new bench grinder which at roughly $79 is priced out of our market.

Accounting Practices Surveyed

NEW YORK, N.Y.—A recent survey of accounting practices among retailers, conducted by Arthur Young & Co., showed the following:

- Most retailers (44.7%) use the traditional retail inventory method (RIM) or LIFO/RIM (42.1%).
- Among companies with sales in excess of $100 million, 52.8% use LIFO/RIM, compared to 33.3% of companies with sales under $100 million.
- Department sales and mass merchandisers are most likely to use LIFO/RIM (60%).
- More than three-quarters of the companies not using LIFO have considered making the switch. Reasons most commonly cited for not using LIFO included cost of calculation (28%), "no benefit to the co-many" (24%) and "markdowns too high" (16%).
- Of all companies using LIFO/RIM, 60% use indexes prepared by the Bureau of Labor Statistics (BLS).
- Of companies not using the BLS indexes, most (57.9%) claim the specialized nature of their business makes it impossible. More than one-quarter of these companies believe their own indexes are more accurate than the BLS indexes.
- Of the companies using LIFO/RIM, 75% calculate their LIFO inventories once a year. Companies with sales in excess of $100 million are likely to calculate LIFO inventories more frequently than once a year.

HARDWARE

(Continued from page 35)

ELECTRICAL WIRING DEVICES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Carol cabl 16/3 soft rd orange	850	9.99	8,491.50
2	Carol cabl 14/3 6" a/c cord beige	891	3.29	2,931.39
3	Manco tape 3/4 x 60" PVC UL electri	4,940	0.59	2,914.60
4	Carol cabl 16/2 50' rd orange U/L	278	9.99	2,777.22
5	Cable elec 22707 Nitelite ivory	1,364	1.99	2,714.36
6	Carol cabl 16/3 100' rd orange U/L	148	17.99	2,662.52
7	Carol cabl 16/3 50" flat yel U/L	242	9.99	2,417.58
8	Cable elec 22324 3 to 2 cap adapter	1,894	1.19	2,253.86
9	Carol cabl 16/3 100' flat yel U/L	105	19.99	2,098.95
10	Cable elec 49685 6 outlet tap w/grn	480	4.29	2,059.20
11	Carol cabl 14/3 9' AC cord beige	486	3.99	1,939.14
12	Gemini XL100 100' TV foam wire	214	8.49	1,816.86
13	Gemini J-51 51 Element TV antenna	22	79.99	1,759.78
14	Gemini solid state rotor MR-2	26	64.99	1,689.74

PLUMBING

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Melard 334 Add-on shower 30x24	134	22.99	3,080.66
2	Sterling 8329 Econ Kitchen faucet	141	20.99	2,959.59
3	Sterling 8129 Kitchen faucet twin	88	28.99	2,551.12
4	Sterling 7239 Kitchen faucet single	42	47.99	2,015.58
5	Melard 1600 Toilet tank repair	227	8.49	1,927.23
6	6379 Economy bath faucet	108	15.99	1,726.92
7	Melard 361 Shower head w/flow	180	9.49	1,708.20
8	Sterling 8139 Kitchen faucet twin	41	38.99	1,598.39
9	Melard 360 Executive shower head	258	5.79	1,493.82
10	Melard 1422 Super plunger	348	4.19	1,458.12
11	Melard 1501 31/2" basket strai	552	2.19	1,208.88
12	Melard 20903 11/2" J-bend/ki	210	5.29	1,110.90

(Continued on page 37)

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DO-IT-YOURSELF
SteelCity HEAVY DUTY
SHELF & STORAGE PARTS
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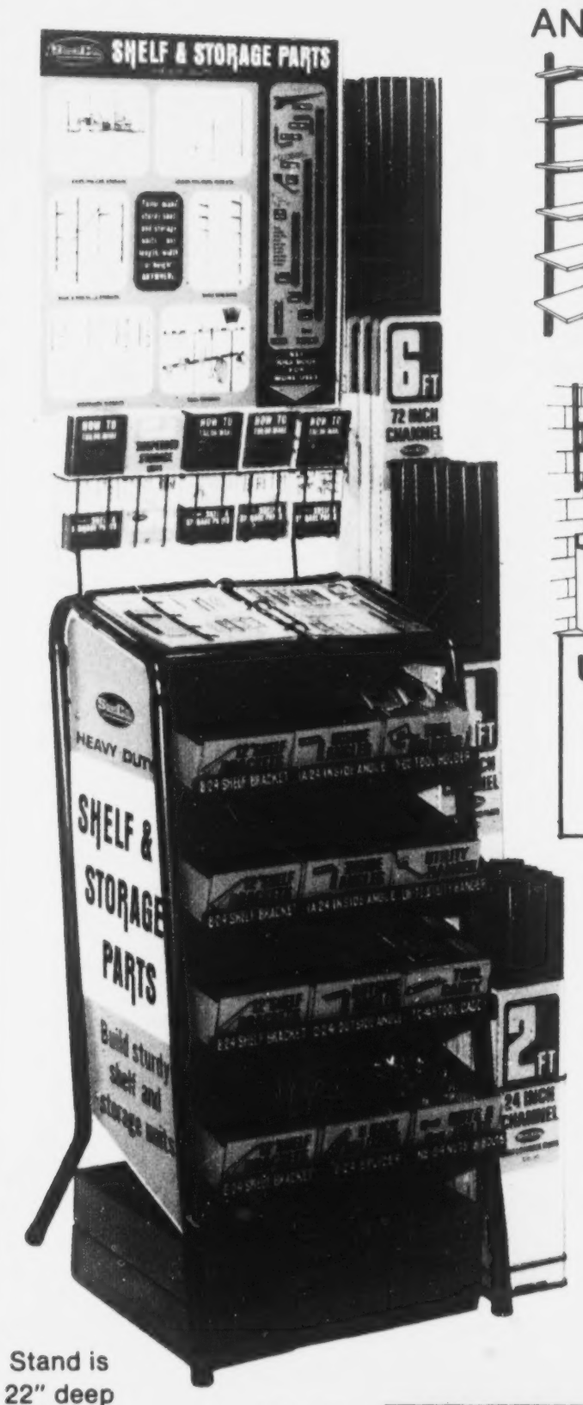
HOME CENTER, LUMBER AND BUILDING SUPPLY MERCHANDISER
11 ITEM HOME CENTER DISPLAY

A handy way to tailor-make storage units
ANY LENGTH, HEIGHT, WIDTH...ANYWHERE

12" Bracket B-24
Outside Angle O-24
Inside Angle IA-24
Tool Caddy TC-48
Utility Hanger UH-72
Tool Holder T-60
8-Inch Splicer S-24
2-Ft. Channel C2-10
4-ft. Channel C4-10
6-ft. Channel C6-10
Bolts & Nuts NB-84



Stand is 22" deep 27" wide 5 ft. high

MODEL DIS-SSP 11 SKU

Bracket Shelving
Over-the-Car Storage Unit
Under-the-steps storage unit
Over-the-washer dryer storage unit
Tool Storage Unit
Attic Storage Unit

Use hardboard, plywood or lumber for shelving.

P.O.S. AND STOCK DISPENSER
A powerful sales aid.
This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.
"HOW TO" FOLDERS. Stand holds folders of 5 different "HOW TO ASSEMBLE" information.
"IDEA BOOK" is permanently attached to the top part of the dispenser portion of the stand. Book contains 16 pages of illustrations and ideas.
DISPENSER STAND holds 40 each of 2, 4, and 6 ft. channels, 48 inside angles, 24 outside angles, 96 shelf brackets, 60 tool holders, 48 tool caddy's, 72 utility hangers, 24 splicers, and 84 bags of nuts and bolts.

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WHOLESALE BUILDING SUPPLY CO. INC. Oakland, CA
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WITTE HARDWARE St. Louis, MO
TOWNLEY HARDWARE Denver, CO
TOWNLEY HARDWARE Kansas City, MO

BEST AVAIL

HARDWARE

(Continued from page 36)

SECURITY HARDWARE

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1500D Combination padlock	3,876	3.79	14,690.04
2	Weslock Entry lock set, sunray	419	15.99	6,699.81
3	Master Lock 22D 1.5" warded lam pad	1,104	2.19	2,417.76
4	Master Lock 5000 1.75" warded lam pad	852	2.79	2,377.08
5	Guard Sec 624 C 1½ padlock brass	676	2.59	1,750.84
6	Parker HDW 1303 single cyl deadlock	190	8.99	1,708.10
7	Weslock entry lockset impresa	92	16.99	1,563.08
8	Master Lock 7D 11" laminated padlock	348	4.49	1,562.52
9	St Marks 1301 rim night latch	194	6.99	1,356.06
10	Weslock entry lock set elegant	77	16.99	1,308.23
11	Weslock deadbolt single cylinder	76	14.99	1,139.24
12	Ferum Co 1504 comb padlock	420	2.49	1,045.80
13	Master Lock 10D 1" warded lam padlock	600	1.69	1,014.00
14	Master Lock 5D 2" laminated padlock	75	7.99	599.25
15	Weslock Passage latch set sunray	66	7.99	527.34

GLUES, LUBRICANTS, ADHESIVES

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	Krazy Glue G40BX 2 gram krazy glue	3,300	1.59	5,247.00
2	Super glue SGH3 gripper super glue	4,944	0.99	4,894.56
3	Woodhill supl Super glue 3 gram tube	996	1.69	1,683.24
4	Gen Electric 361 Silicone seal clea	360	3.49	1,256.40
5	Miracle 401 6-oz acrylic caulk white	528	1.89	997.92
6	Weldit cement 1½ oz	828	1.19	985.32
7	Woodhill EPF200 e-pox-e cement fi	180	4.99	898.20
8	Gen Electric 372 silicone seal white	240	3.49	1,837.60
9	Darworth J6 fl oz polyseam seal	396	1.99	788.04
10	Borden E701 wood glue 8-oz bottle	384	1.99	764.16
11	Woodhill LS1 liquid steel filler	408	1.69	689.52
12	Borden E551 heavy grip cement	504	1.29	650.16
13	Boyle 8597 1-lb can plastic wood	156	3.79	591.24
14	Boyle 8596 ¼-lb can plastic wood	360	1.69	608.40
15	USM 203 electric glue gun	55	10.99	604.45

IT TWO WAYS
STORAGE SYSTEMS
SteelCity HEAVY DUTY
TOOL HOLDER & SHELF PARTS
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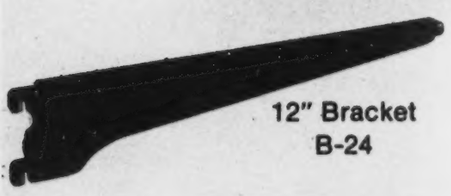
PROGRAMMED FOR HARDWARE RETAILERS
6 ITEM HARDWARE DISPLAY

An easy way to make all types of heavy-duty wall shelving and tool storage units in the HOUSE,GARAGE or SHED

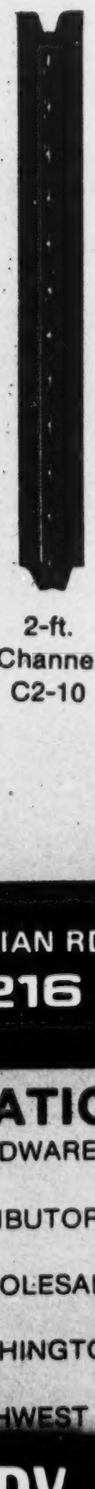

12" Bracket B-24

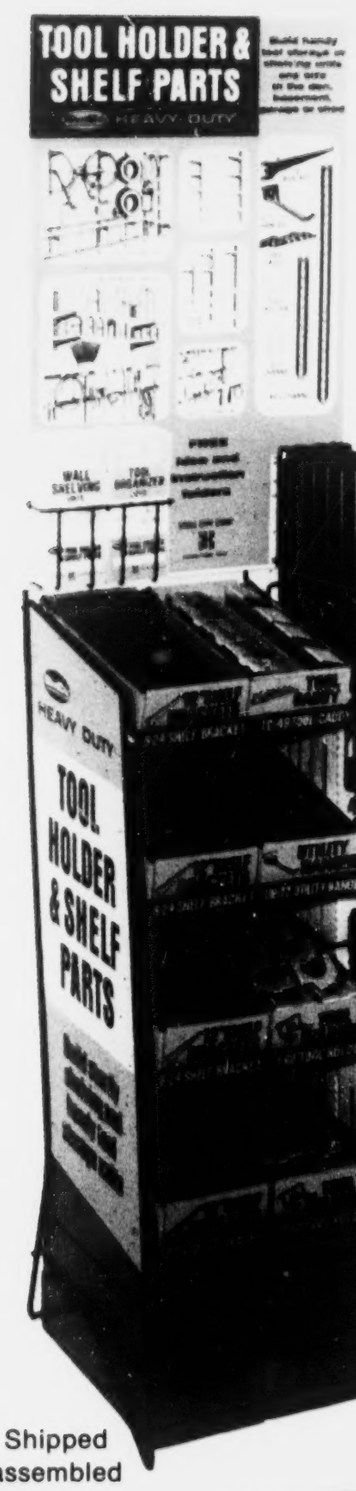
Tool Caddy TC-48

Utility Hanger UH-72

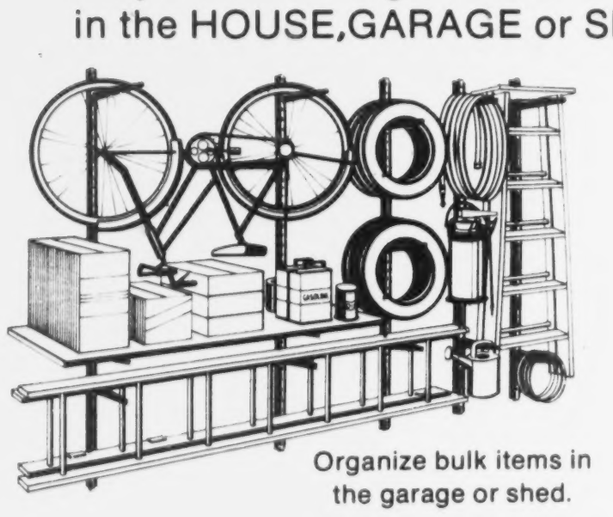
Tool Holder T-60

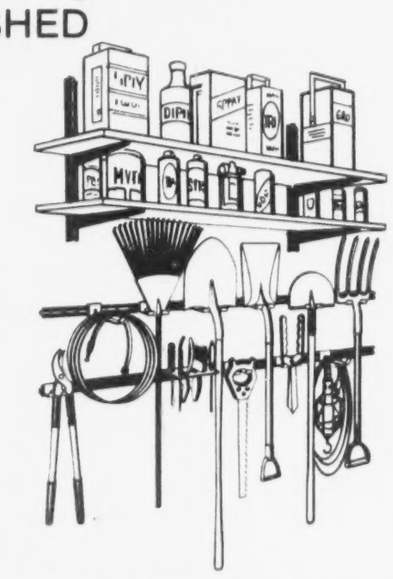
4-ft. Channel C4-10

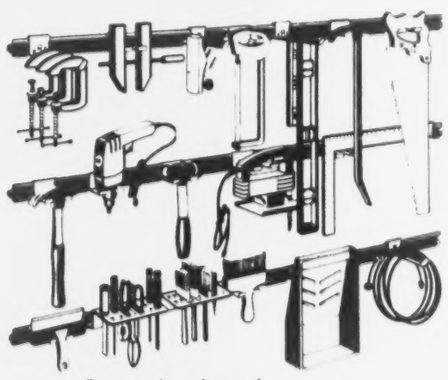

2-ft. Channel C2-10

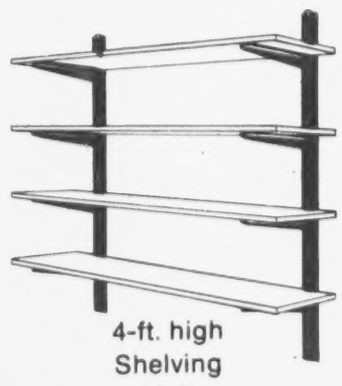


Shipped assembled except for attaching header.


Organize bulk items in the garage or shed.


Combination garden tool and chemical storage unit


Organize hand and power tools


4-ft. high Shelving Unit

P.O.S. AND STOCK DISPENSER
Excellent sales aid.
This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.
"HOW TO" FOLDERS stand holds folders of 2 different "HOW TO ASSEMBLE" information.
DISPENSER STAND holds 60 4-ft. channels, 40 2-ft. channels, 96 shelf brackets, 120 tool holders, 48 tool caddy's, and 72 utility hangers.
Stand measures 17" deep, 20" wide, 60" high overall, stand is 35" high.

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Ft. Wayne, IN
GEORGE WORTHINGTON CO.
Cleveland, OH
SOURCE NORTHWEST
THE BUTTER CO.
Menomonee Falls, WI
BUDROW & CO.
Santa Fe Springs, CA
HARDWARE DISTRIBUTORS
Cleveland, OH
STEM DISTRIBUTING
Cleveland, OH
KRUSE HARDWARE
Cincinnati, OH
FEDERATED-GOODKIN CO.
City of Industry, CA
HARDLINES MARKETING, INC.
Milwaukee, WI
L.G. COOK COMPANY
Grand Rapids, MI
NELSON ROANOKE CORP.
Roanoke, VA
DECATUR-HOPKINS
Needham Heights, MA
BAUMRIN BROS. SOUTH
Jacksonville, FL
R K B ENTERPRISES
Elmira, NY
LEIGHT SALES CO.
Carson, CA
AMERICAN STREVELL
Salt Lake City, UT
LEBOVITZ WHOLESALE HARDWARE
Chicago, IL
PIONEER BLDG SPECIALITES
Portland, OR
H.E. SCHIFF DISTRIBUTORS
Hicksville, NY
BELKNAP, INC.
Louisville, KY
CONTEXT WHOLESALE CO.
Charolotte, NC

ABLE COPY

Hardware Show

Live Plants Get Play as Traffic Draw

Despite the problems associated with merchandising live plants, discounters continue to feel they are worth the risk—because they bring in the customers.

This is the case at Heck's, where the chain has added 8 to 16 ft. to its plant departments, increasing sku's in accessories as well as plants.

Typically, plants are sold at a 15%-25% markup and are used as a traffic draw, with discounters making a profit on accessories like potting soil, fertilizers, clay and plastic containers—which have gross margins of 40%-50%.

Heavy advertising accounts for much of the traffic. At Hills, where there is no department per se, a buyer explained: "We do three to four major promotions a year with a display in the front center of the store to prompt impulse buying."

This sentiment was echoed by ALCO's buyer: "Basic everyday plant departments must promote to keep people interested in the department." To this end, ALCO doubled its advertising budget for plants in the past year. In summer, the chain moves large ferns (6-, 8-, 10- and 12-in.) and flowering hanging plants like geraniums and begonias.

ALCO's next big planned promotion comes in October, and features indoor plants.

Most other chains plan promotions four times a year: Mother's Day, Christmas, Easter, and back-to-school, and feature a specific plant, i.e., mums for Mother's Day, lilies for Easter, etc.

Plant departments are managed differently, according to the area's needs. Store managers frequently search out employees who like plants, knowing that they will be well-cared for. Selecting sku's for normal sale is often left to individual store managers, as is the case with Heck's, where a truck loaded with stock from at least six local suppliers comes round to store locations. Only promotion stock is ordered by the main office.

This method is followed at Hills. As the buyer explained: "The individual stores can determine quantities better than headquarters." Hills takes advantage of this fact, realizing that each store's need are different and that store managers can better gauge what local customers want.

Friese Advances To SCOA Prez

COLUMBUS, Ohio—SCOA Industries, operator of Hills, has elected George R. Friese president and coo.

Friese, who is also a member of the company's board of directors, moves up from executive vice president. He joined the company in 1976.

SCOA Dividend

COLUMBUS, Ohio—The board of directors of SCOA Industries, parent of Hills, declared a regular quarterly dividend of 21¢ a share payable Sept. 14 to shareholders of record Aug. 24.

Smoke Alarms

(Continued from page 43)

aren't going as well as they should be, but I've run promotions and knocked down the price as much as I could," said Chappell, who carries First Alert and a low-end model as his only sku's in the department.

Catalogers see smoke alarms as a good growth area, as the item has reached the stage where price is the sole factor determining turn. Many catalog buyers believe smoke alarms have achieved high consumer recognition, and feature name brand items at a competitive price in their catalogs.

W. Bell, Service Merchandise, Best, O. G. Wilson and Charter all carry the GE and First Alert lines, with O. G. Wilson featuring a high-ticket $34.74 First Alert unit.

Power Tools

(Continued from page 17)

ticket tools and other suppliers has been giving some chains margin leverage.

At Gee Bee, the chain has tripled its sales in power tools and accessories this year, largely by going to high-ticket additions to the department such as bench grinders and drill presses.

"We cut back on the space devoted to Black & Decker from 12-ft. and 8-ft. sections down to a 4-ft. run," said a spokesman at the chain, "although we didn't cut sku's. We kept our 15-sku offering in Black & Decker, but we went to single facings and tighter spacing. Then, we added 8 ft. of bench tools which gave us enough of a margin to play around with. This enabled us to sharpen prices on Black & Decker even more."

Margins on the bench tools were in excess of 30% (and 25% to 22% on promotion), the spokesman said. The chain also went to an importer and bought a drill press from the Orient at a lower cost. As a result, several sku's of drill presses running to $220 on promotion, and bench grinders at $60 and $70 have spurred large volume and profit increases in power tools.

"I was afraid to go that high on cost at first," a Gee Bee buyer admitted, "but we tried truckload sales of industrial-type tools at three stores four different times on a test basis. The bench grinders and drill presses forced us to give out rainchecks every time we ran them. They blew right out of the stores. I think industrial-type tooling is definitely a big business in the future."

Another route to more profitability in the category has been taken by ALCO, which dropped Black & Decker completely. The chain now carries Rockwell and Skil power tools, pays a slightly higher cost, but is also able to capture margins averaging 5% higher than it could on B&D items.

"Our volume is lower in power tools this year, but we planned for that," a spokesman at the chain said. "We cut back on both sku's and on advertising in power tools, thinning our assortment by a third. We're looking for a more profitable department by selling our accessories."

ALCO now devotes 4 ft. to power tools, and 6 ft. to the accessories. The spokesman also noted that tests of high-ticket bench tools in six stores last year went well. This is an area of possible growth in the future although at present the chain will take a wait-and-see attitude as B&D comes out with new bench-top tools.

Tradeups

(Continued from page 17)

In paint sales, increasing penetration by private labels is running to 40% of sales at many chains, while the one real growth category in the department is in wood stains.

Basic promotional power tools are reported to be having a slow season, with stagnant dollar sales meaning unit decreases at many chains, due to cost increases over the past year. However, several chains have reported success in testing high-ticket bench-top and industrial-type tools, where margins in excess of 30% are to be found. Black & Decker's step-up hand tools (the Value Plus line) are also reported to be selling better than the basic promotional models.

In home security, trade-up stock is also enjoying a better season than basic units. Jefferson/Ward has begun to sell home security consoles at tickets of $300 to $350 from its serviced camera departments and has tripled sales as a result.

Better lines of deadbolt locks—at tickets of $22 to $24—have meant plus sales at many chains, but metro markets do much better than rural areas. Spokesmen at Ames, Heck's and Wal-Mart reported increases but no real growth strength in rural areas. Spokesmen at Jefferson/Ward (Miami) and Gibson's (Houston) reported strong increases.

Smoke alarm sales have dropped off considerably from prior growth at many chains, although city ordinances in some states are expected to boost sales at chains such as S.E. Nichols and Oklahoma-based T.G. & Y. The latter will also be adding a 146-lb. floor safe, which will retail near $100, after a recent successful test.

Sales Help Ups Console Volume

MIAMI—A shift in merchandising strategy has tripled Jefferson/Ward's sales of home security consoles.

The big-ticket electronic home security systems are now being sold from the chain's serviced camera departments because "the customer will not buy such an expensive item without a salesperson's assistance," a buyer for the chain reported. Prices in the category range from $300 to $350.

Wholesale Sales of Hardware Up

PHILADELPHIA—Figures published by the National Wholesale Hardware Association (NWHA) show wholesale sales of hardware increased nationally in June, rising to an NWHA index of 240.7, compared to an index of 203.1 in June of 1980 and 210.4 in May of this year.

(The index was developed to track constant-dollar sales of hardware at wholesale; 1973 was established as the base year, with an index of 100. The June 1973 index was 104.)

The index, which is compiled from monthly dollar sales figures contributed by 62 wholesaler members of the NWHA, showed similar gains on a regional basis. The East (Maine to Virginia, including all of New York, Pennsylvania and West Virginia) rose to an index of 301.0 from 248.1 last year in June, and from 264.8 in May.

The Midwest, however—Ohio and Kentucky west to the continental divide, including Missouri and Kansas—showed a much lower index (192.9) and increase; it was up from 165.9 last year in June.

NWHA: Gains Are Nationwide

Region	June 1981	May 1981	June 1980
National	240.7	210.4	203.1
East	301.0	264.8	248.1
Midwest	192.9	155.7	165.9
South	240.9	226.1	204.3
West	275.6	252.1	223.1

The constant-dollar index of wholesale hardware sales nationwide in June shows an increase of 18.5% over last June, approximately twice the inflation rate. *(Source: National Wholesale Hardware Assn.)*

Sales of garage-door openers varied greatly, with Woolco one of the country's biggest success stories. Two sku's at Woolco sell at $129 and $189 everyday, and a third unit may be added.

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Window Treatments, Floor Coverings Show Gains in Home Decor Stores

ST. LOUIS—Window treatments and floor coverings have grown sharply over the past five years as a percentage of total sales in home decor specialty stores.

Floor coverings showed a 25% gain in share. Window treatments, continuing to be the hottest category in decorating centers, doubled their share.

So reported the National Decorating Products Association Merchandise Mix Survey, which also stated that the product which has suffered most is wall coverings.

The survey projected the departmental product mix for 1981 as follows:

Annual Volume by Department in Specialty Stores

Department	Sales (in millions)	Sales Share
Paint	$2,631	43.06%
Wall Coverings	1,318	21.57
Sundries	716	11.72
Floor Coverings	339	5.55
Window Treatments	397	6.50
Art materials & other products	751	21.30
Total Sales	6,111	100.00

("Other products" includes such items as glass, bath accessories, rental equipment, etc., while the "sundries" category is primarily paint and wall covering tools, supplies and equipment.)

Lifestyle

(Continued from page 3)

proximately 56 running feet to the categories, said buyer Giordano.

As Fishers considers adding flip chairs, Giordano said the stores may consider condensing some departments so they can tie in with the cross-merchandising of lifestyle furniture. Basic departments won't be cut, however. Cross-merchandising presentation isn't the only area where lifestyle furniture is having an impact.

At T.G. & Y., a new buyer position was created for home furnishings. Marilee Garretson was named buyer for pictures, wallcoverings, wicker, indoor furniture, lamps and shades, bathroom accessory hard lines, TV trays and wall clocks.

"We removed those categories from several departments and put them under one buyer," a company spokesman said. "Now we have one instead of five." The realignment will make home furnishings buying more cohesive.

New merchandising presentations are showing up in advertisements as well.

Giordano at Fishers has tied together lifestyle furniture in ads with paint and floor coverings.

Recent ads by Zayre and Target grouped flip chairs with glass and chrome tables, chrome sling chairs, lamps, a butcher-block table and wood room dividers.

Although Murphy's Mart buyer Bill Riddle says his stores are not involved in any large-scale home furnishings presentations, a recent ad tied together wicker furniture and indoor/outdoor grass carpeting, as well as decorator adhesive wall coverings and draperies.

Hills

(Continued from page 1)

The three shops are adjacent to a snack bar, which has become a standard up-front service area for Hills in all new stores. Ten older units have been retrofitted with a snack bar and another 20 are due to get the facility next year.

Hills' other new stores due to open this year in Lorain, Ohio, and Butler and Oil City, Pa., aren't going to get the expanded lobby as they don't have the space for this setup.

A company executive said that the test lobby would be studied for at least six months before Hills decided whether to put the arrangement in other stores.

(Hills first added snack bars about 18 months ago after testing this food service facility and in-store restaurants. The restaurants were in three ex-Grants the discounter acquired and decided to test as a possible new department.)

Besides testing the new areas, Hills has refined the merchandise presentation of a number of departments in the two new stores.

Header cards that measure 7 in. by 11 in. have been used to replace fact tags in a number of areas. The cards, which contain similar sales information as the fact tags, are easier to see than the small tags.

A new identification program for hardware, paints and automotive has slotted hanging signholders on the top of the gondolas in these departments. Specific signs, such as one for exterior latex paint with product information, can be fitted into the slot.

This program, a spokesman said, means that signs can be easily updated or changed as new items are added or a seasonal area is changed.

As an example of the latter, the seasonal gondola run in the two stores featured Hills' new energy-saving goods program that uses merchandise from three vendors: Marco, 3M and Stanley. In the spring and summer, lawn & garden goods are featured.

Bath shop hard goods and soft lines are combined on an endcap to promote tie-in sales. The display features bath shop domestics in one color, with selected stock of hard goods in the same shade. Similar displays are positioned on the wall in the domestics department.

Children's jewelry has become a growth category and Hills developed an accordian-type tabletop fixture for this merchandise. Each of the seven panels features different types of jewelry such as Sesame Street items of initial pins and pendants in the shape of a building block.

A similar accordian-type display was also unveiled for franchised cosmetics, with each three-sided section featuring a different brand.

This fixture, the spokesman said, provides more linear display space for each franchised line without the need to expand the total area.

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Put Cosco best sellers in your store, and you'll be sold. Because they'll be sold.

APAA to Survey Aftermarket Stores

LANHAM, Md.—The Automotive Parts and Accessories Association (APAA) is planning a survey of aftermarket retailers which will provide operational data for the industry as a whole, against which retailers can measure individual stores' performance.

Retailers wishing to take part in the survey and receive the final report should contact the APAA Foundation for Aftermarket Industry Research, at APAA headquarters, 5100 Forbes Blvd., Lanham, Md. 20706. Contributions to fund the research are being requested.

K mart Dividend

TROY, Mich.—The board of directors of K mart have approved a cash dividend of 24¢ a share, payable to shareholders of record on Aug. 21, 1981. The dividend is payable on Sept. 14, 1981.

C5150-3

Sporting Goods PMA: Pp. 8, 12
Mgt. Development Series: Pp. 15, 17

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Wal-Mart (40.9%) Tops Big Biz Gainers in 1st Half

Nationwide DSN *Report*

Extremely strong first-half sales results for some discount chains, and a general sales increase above the rate of general merchandise inflation have put some polish on a year that many feared would be dull at best.

A huge 40.9% increase at Wal-Mart, to $967.9 million from last year's $687.2 million, topped the first-half charts. Wal-Mart's string of near-40% (sometimes higher) sales gains is unmatched in discounting—and was accompanied, for the first half, with a net of $30 million (3.1% of sales) compared to $20.6 million in the first half of 1980—an even 3% of sales.

Zayre is enjoying the payback on remodels of its aging stores, and posted a 17.6% sales gain for the half, to $780.1 million from $663.5 million the year before. The percentage gain was even higher for July at 18.9%, to $109.7 million from the $92.2 million in July of 1980. Zayre remodels have boosted volume in the best stores to the $17 million level, as tradeup merchandise and better presentations prompt greater customer spending.

Genuine fur (rabbit) coats, for example, in Zayre's latest store (90,000 sq. ft. in Chicago) carried tickets as high as $129; and cookware and lifestyle furniture departments add more sizzle to the Zayre steak.

K mart's overall first-half gain was lower than Zayre's at 14%, but its July sales jumped 21.5% to $1,174,076,000 from last July's $966.7 million. Good sell-through of seasonal merchandise at K mart was credited for the increase, which follows a similar double-digit increase in July of 1980 from July 1979.

The first-half K mart increase, to $7.4 billion from $6.5 billion, is not yet confirmation of the strength of K mart's remodels—they haven't been open long enough, and there isn't enough of them yet to claim the credit. Factors more likely responsible for K mart's gain, after adjustment for inflation, are new stores (more than 100 in the first half) and a gen-

(Continued on page 31)

	1st Half Sales, 1980 (millions)	1st Half Sales, 1981 (millions)	% Gain
Wal-Mart	$ 687.2	$ 967.9	40.9%
Toys "R" Us	162.9	221.0	35.6
Roses	226.4	268.4	18.6
Zayre	663.5	780.1	17.6
K mart	6,456.4	7,358.7	14.0
Venture	241.1	265.6	10.1
Heck's	192.5	210.1	9.1
Murphy's Mart	202.1	219.7	8.7
Total	$8,832.1	$10,291.5	16.5%

The discounters in the chart had an aggregate (weighted) sales increase for the first half of 1981 of 16.5%, to $10.3 billion from $8.8 billion. The *average* sales increase was 19.3%. *(Source: DSN Research)*

Bill Would Sharply Limit I.R.B.s For New Stores

WASHINGTON—A plan that would sharply limit the availability of low-interest industrial revenue bonds to K mart and other growth-oriented discount chains is gaining support in the powerful House Ways and Means Committee.

Under that proposal, retailers and other commercial businesses would no longer qualify for the municipally subsidized bonds to construct stores in any area not considered to be "economically distressed."

Currently 40 states allow the issuance of industrial revenue bonds to encourage the development of new businesses in local communities. Since the interest received by purchasers of these state or local "I.R.B.s" is exempt from Federal income taxes, investors are willing to accept interest rates well below market levels.

In recent years the demand for these Federally subsidized bonds has increased sharply among expansion-minded national retail and fast-food restaurant chains, with Detroit-based K mart leading the pack.

According to a recent study by the Congressional Budget Office, K mart "financed 35 stores with I.R.B.s in 1980 alone," and since 1975 the chain has "used $220.5 million of I.R.B.s to open some 96 stores in 19 states."

K mart isn't the only large retail chain cashing in on cut-rate industrial revenue bonds, by any means. A *Discount*

(Continued on page 31)

Infants' is one of the softwear categories that Woolco has expanded and given a prime infield corner location in its newly unveiled prototype in East Brunswick, N.J. *(DSN photo)*

New Woolco Prototype in Fashion Push

By Iris Rosenberg

EAST BRUNSWICK, N.J.—Woolco has thrown its hat into the upscale discounter ring with the opening of its new prototype in an existing store here.

Fifty stores will be remade by the first half of next year; all stores will be converted to the new format within three years. Thus, the discounter is pinning much of its success in the 1980's—to be judged by its ability to lure a higher-income shopper into the stores—on its apparel mix which it has expanded and upgraded.

This new fashion emphasis is seen in both the mix (the prototype marks Woolco's stepped-up move into branded goods like Calvin Klein, Garanimals, Billy the Kid, MacGregor) and the presentation, which includes the use of more fashion fixtures.

The changes in the mix were made at the expense of marginal categories as disparate as home improvement and artificial flowers, which were eliminated, and the must-have categories like housewares, which were pared to the best sellers.

Also, a wide race track, expanded to 7 ft. from 5 ft., has been installed, the first in the chain, and the primed-for-growth categories—infants' and boys'—positioned on the inside corners.

The end result is a floor plan that gives the entire infield over to soft goods as well as the areas between the race track and the front left and far left walls.

To date, the new presentation has improved the store's sales by 25%, and chain projections call for the store's sales to increase by 50% within the next 12 months, according to John Parker, the company veteran recently tapped for the newly created spot of general manager, U.S. Woolco, and the architect of the repositioning plan. Parker, however, would not comment on the impact the company expects the remade stores to have on the bottom line.

The trade-off makes the women's wear area 25% larger; it now occupies 12,000 sq. ft. of floor space in the 115,000-sq.-ft. store.

Domestics has also been expanded in size, and so have infants' wear, shoes, men's wear and health & beauty aids.

Fashion-impact categories like jewelry, junior sportswear and men's casuals were placed in highly visible positions—along the race track just inside the front door.

In infants', that has meant an infusion of higher-ticket, primarily name-brand goods that has increased the prototype departments' assortment and size by 30%.

Shoes also got a new location

(Continued on page 19)

T.G. & Y. to Join Vons In Testing Combo Store

OKLAHOMA CITY—T.G. & Y. will be joining forces with California-based supermarket Vons to develop and test a combination store, under the direction of their common parent, City Products of Chicago.

City Products' plans call for a spinoff into an entirely new chain with its own nameplate, according to informed sources, though City Products refused to confirm or deny the report. *DSN* has also learned:

- Development of the new store type will be directed by City Products' management and not by either chain, but four executives have already been chosen for the project—two from T.G. & Y. and two from Vons.
- Groundwork, which includes an initial round of market research, began in the last four weeks.
- The first unit of the new chain could open as soon as late next year, if plans proceed on schedule.

City Products tapped T.G. & Y. vp of buying James Carel for the venture, as well as the discounter's divisional vp (Tulsa office) O. E. Bates. Names of the Vons executives were unavailable.

At presstime, the T.G. & Y. officers associated with the project were awaiting completion of new office construction. They will be working out of a T.G. & Y. warehouse in Edmond, Okla., rather than at the discounter's headquarters.

The chain spinoff idea comes

(Continued on page 31)

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Hot at Hardware Show: Ceiling Fans, Kerosene Heaters, Outdoor Furniture

By Frank Cavaliere

CHICAGO—Ceiling fans, kerosene heaters, and outdoor furniture were the categories that elicited the most favorable responses from buyers walking the 36th annual Hardware Show.

The combination of new fabrics and higher-ticket merchandise gave the promise of increased profits in lawn and garden.

For most buyers, though, placing orders took a back seat to shopping the show for deals and new products. Discounters sorted through more than 310,000 products from nearly 3,000 manufacturers to seek the best available deals from manufacturers, but new products were few and far between. Also, the slicker four-color packaging many manufacturers unveiled failed to impress most buyers because of the unfavorable price points and the lack of product innovation.

The quest for new items and possible growth categories led many discounters to the ceiling fan, space heater and outdoor living exhibits. Charles Hirschfeld, divisional merchandise manager, hard lines, Clover, reported that lawn and garden manufacturers were displaying new colors and tones in their lines of outdoor furniture. In addition, buyers are hoping that a PVC-coated (poly fiber) fabric will spur higher-priced outdoor furniture sales in time for the spring 1982 season.

Allan Banks, dmm, lawn and garden and patio, Ames, also reported seeing innovative patio displays. "I've seen a lot of new colors and patterns from the manufacturers this year," said Banks, who added that plans are in the works to add dollars to the category as a result of the new products offered.

Ceiling fans and space heaters continue to be regarded as strong growth areas with more upscale merchandise being manufactured and less resistance to higher price points by

(Continued on page 34)

Walton: Make Suppliers 'Partners'

CHICAGO—"Raising prices is not the only way to stay in business," Sam Walton, chairman and ceo of Wal-Mart, told the crowd of early-morning hardware showgoers who attended his Hardware Industry Week keynote address.

"We must all work together—with our suppliers—to become more productive." He added that we all have a lot of slack in our companies.

Pacing the platform in front of the crowded room and not needing the microphone he carried in his hand, Walton exhorted the crowd of retailers to "form a partnership with your suppliers to make sure that you're giving your customers a real value when they shop your stores."

Walton also told the audience that it was important to form a partnership with their employees. "You must involve people in your operation. It is crucial for them to understand that the success of your stores is the result of a team effort."

At Wal-Mart, Walton said, "we try to tell our people everything about our company." For example, the company now posts departmental sales results in the stores so that department managers can see how they are doing. "We want them to be able to compare inventory, markdowns and sales against last year's figures" because their knowledge of day-to-day performance is also their bonus incentive.

"I believe," Walton said, "that in any company the table of organization should be inverted and that top management should think of itself as the base."

Gibson Franchisee Is Converting 4 Discounters to Home Centers

PAMPA, Tex.—Gibson franchisee Sandra Corp. is converting four of its 17 discount stores to more profitable Handy Hammer home centers, due to heavy competition from K mart, Wal-Mart and T.G. & Y. in small, rural, Sunbelt communities.

The economy also played a role in the discounter's decision to make the switch to a home center format, a company executive said.

Sandra in 1982 plans to cut back distribution of the scaled-down Jewelcor catalog it has been using for a number of years to markets served by just two discount stores, rather than the three markets covered this year.

In addition, the company sold its 33,000-sq.-ft. discount store in Dumas, Tex., to a supermarket operator. Sandra also opened a home center in a 13,000-sq.-ft. warehouse area adjacent to its 45,000-sq.-ft. discount store in Pampa as part of its efforts to cut down on expenses and improve the company's overall gross profit position.

Two discount stores have already been converted to home centers. They are in Bay City, Tex. (28,000 sq. ft.), and in Elk City, Okla. (35,000), while units in Silver City, N.M. (22,000) and El Campo, Tex. (27,000) were being changed over at presstime.

A company executive said that home centers are more profitable than discount stores. "Lumber and nails never go out of style," he noted.

K mart, Wal-Mart and T.G. & Y. have greater economic resources than Sandra, he added, and the three chains' invasion of small rural communities has created competitive problems for privately held retailers with limited capital.

To convert the four stores, Sandra dropped health and beauty aids and apparel, and went with a very limited sporting goods mix and toys on a seasonal basis. The chain is focusing strongly on housewares and hardware, with the latter expanded to include cut lumber, paneling, ceiling tiles, door and window forms and similar home center items.

The catalogs are being distributed in markets served by the Pampa and Borger, Tex., stores. Both areas are industrial centers and thus have the economic base to make the investment in catalog goods pay off.

Sandra risked limiting sales and profits by cutting back its catalog distribution and transforming four stores into home centers, but it was prudent to be conservative in the face of the current economy, he said.

The four communities getting the home centers are large enough to support them, the company spokesman added, and volume from these stores should produce higher gross profits than we could have expected from the discount stores.

Pamida Inc. Is Charged With Illegal Wiretapping

OMAHA—A Federal grand jury has indicted Pamida Inc., and one of its employees on charges of illegal wiretapping.

The company is charged with conspiracy in the installation of an antenna wire above the offices of some of its buyers, and bugging their telephone conversations at times from 1976 to 1978.

Marvin Vincent, Pamida's vp of security (both before and after the discounter's reorganization into a new company) was also charged with complicity in the case. In addition, Vincent was charged with two counts of perjury. He allegedly lied about wiretaps when he testified to the grand jury.

Pamida president Clayton Burkstrand said the indictment "has nothing to do with the current Pamida. The indictment is against the original Pamida Inc., a Nebraska corporation, which is now the PMD Investment Company. It has nothing to do with us."

Vincent was not available for comment.

(Pamida Inc. sold its stores and assets to an employee stock ownership trust at the beginning of the year. Those who did not tender their stock are now shareholders in PMD Investments, which handles tax-free securities. Majority shareholder is former Pamida chairman D. J. Witherspoon.)

A spokesman for the F.B.I. in Omaha said the current charges are an outgrowth of an investigation which has been continuing over the last three years, following an August 1978 search of Pamida's headquarters by F.B.I. agents.

At that time, agents reported finding listening devices in various offices. A voice-activated recording device used to record telephone conversations was found, as well as other equipment locked in a wall cabinet in the chain's security office.

Pamida's deputy security director Harold Horak was subsequently tried and convicted of illegal eavesdropping. He was sentenced to three years in prison in 1979. He is currently in Leavenworth penitentiary, and was given an additional 18-month sentence for contempt of court after he refused to appear before grand jury hearings.

Currect charges were brought to the grand jury by a deputy attorney of the U.S. Justice Department's Criminal Division in Omaha. Though at the time of Horak's trial an F.B.I. spokesman said the investigation was over, and that there was "not sufficient credible evidence to indicate that the company or any other individuals were involved," new evidence was found.

"We put a lot of legwork into this one," an F.B.I. spokesman said. "You need a person on the line whose privacy was invaded, not merely the equipment," he added. He declined to comment further on the number of individuals whose constitutional rights were allegedly violated. However, during the time when the wiretapping is said to have occurred, several employees believed to be involved in thefts and a buyer allegedly receiving kickbacks from suppliers were fired.

Sears Sets Biz-Machine-Store Mix

CHICAGO—Sears' Business Systems Centers will merchandise IBM's new personal computer along with other national brands and Sears' private-label business electronic equipment.

The five stores due to open this fall in Boston, Chicago and Dallas will mark Sears' testing of the business machine specialty store field.

The merchandise mix will include business and personal computers, word processors, printers, calculators, dictating equipment and typewriters.

Sears will also offer software programs for the computer as well as service this equipment.

The retailer won't sell the IBM computer in its conventional department stores and catalogs because of the need for specialty salesclerks to handle this item and the ancillary software programs.

Sears is the first major retailer to enter the business equipment store field which, until now, has been the province of such specialty store chains as Computerland and Radio Shack, plus stores operated by such manufacturers as IBM and Xerox.

DISC Award Entries Invited

NEW YORK, N.Y.—The fourth annual DISC (Discounter In Service to the Community) awards program is under way.

Discount chains with public service programs are invited to submit a complete description of the program to the DISC panel of judges—a distinguished group of retailers—for consideration as the 1982 DISC award winner.

In 1979, Jamesway won the DISC award for its massive contribution to the Muscular Dystrophy Association. In 1980, Target took the award for its category grants to arts and humanities in its markets. In 1981, King's won with its grassroots support for local needs, such as ambulance service and aid to the elderly.

Look for another announcement and an entry blank in the next issue of *Discount Store News*. Judging of each entry will be based on the uniqueness of the program, the scope of activities included, the amount of publicity generated for the chain, and the benefits to the community.

New Firm Readies First Scaled-down Toy Discounter

HYANNIS, Mass.—Tons of Toys n' More is due to open its first unit, a scaled-down discount toy specialty store, next month in a 15,000-sq.-ft. ex-supermarket here.

The new operation is headed by Bruno Ferretti, formerly executive vice president of Child World.

He told *DSN* that the new toy discounter is positioned to compete with the toy departments of discount stores and catalog showrooms in secondary markets that are too small to support a 40,000-sq.-ft. full-line Toys "R" Us or Child World discount toy store.

In Hyannis, Tons of Toys n' More will co-anchor, with

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In This Issue...

NEW BALLGAME. Sporting goods manufacturers have cut back production, and shortages have marked the wholesale and retail scene. (P. 8)

PICTURE THIS. For the new merchandise presentations at Woolco and Clover, see photos on pp. 19, 21.

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Backhaul

(Continued from page 3)

industry deregulation bill.

Significantly, that legislation applied only to sellers of "food and grocery products"—language which raised immediate legal questions concerning which suppliers, retailers and merchandise lines would be covered by the Robinson-Patman exemption.

Although the trucking deregulation law has been in effect now for over a year, "the situation remains unclarified" and "many manufacturers are reluctant to implement" backhaul allowance programs because of concerns over "Robinson-Patman liability, especially in the form of treble-damage suits," the Grocery Manufacturers of America told the FTC.

In response to that petition, commission antitrusters issued a formal advisory opinion stressing that while the backhaul provision "only applies to food and grocery products," if a manufacturer of those products offers rebates to any retailer, he must make identical allowances available "to all customers who may purchase those products, regardless of the type of retail outlet—grocery store, drug store, etc.—operated or supplied by the customer."

The FTC reinforced this position in a separate opinion approving a new backhaul allowance program on the drawing boards at Procter & Gamble.

In approving P&G's plan to offer retailers backhaul rebates if they use their own trucks to pick up orders of Comet cleanser, Biz detergent and Downy and Bounce fabric softeners, Federal antitrusters emphasized that it would be necessary for the supplier to "offer allowances to all customers, regardless of their retail trade identification as operators or suppliers of, e.g., grocery stores, drug stores, general merchandise retail stores, and so forth."

The hitch in FTC's new enforcement stand is the agency's narrow interpretation of what constitutes a "food or grocery product."

According to the commission, backhaul rebates can be offered only for products "sold primarily in grocery stores"—a restriction that could sharply limit opportunities for discount chains to take advantage of such allowances.

Although food and laundry products clearly fall into the approved category, it's questionable whether the FTC will consider products such as toiletries, paper goods, or pantyhose to be "primarily" supermarket lines.

In addition, some large discount chains such as K mart may have difficulty obtaining backhaul allowances even for clear-cut grocery products because of their current distribution systems.

In approving P&G's experimental backhaul program, the FTC gave specific permission to the manufacturer to deny rebates to retailers who purchase in less than truckload (LTL) orders—a restriction likely to be imposed by other suppliers implementing similar programs.

Procter & Gamble justified this restriction to the FTC on the grounds that most retailers who purchase LTL quantities do so for their own convenience, not because they can't afford full truckloads.

"About half of the LTL shipments [made to retailers by P&G's bar soap and household cleaning products division] were to chain stores like K mart who had chosen to bypass their central warehouse facilities by electing direct store delivery at a higher price under the company's quantity discount structure," Procter & Gamble told the FTC.

"Some chain retailers and wholesale accounts who warehouse also order on an LTL basis to their warehouse," P&G added. "While this may represent their optimum inventory level, they could well have the capacity and the financial resources to purchase in truckload quantities, especially if a customer pickup allowance opportunity were available."

I. R. B.s

(Continued from page 1)

Store News review of *Moody's Bond Record* reveals that at least a half dozen other retail giants (including Federated Department Stores, Revco Drug Stores, and the Kroger supermarket chain) have also secured I.R.B.s to finance store growth over the past five years.

But no other retail firm begins to approach K mart in its use of low-interest municipal bonds. In Pennsylvania alone, nearly 20% of all the I.R.B.s issued to all businesses since the mid-1970's have gone to finance K mart stores.

This heavy use has triggered a backlash from local retailers in many parts of the country.

"Established merchants and restaurateurs, who have never benefited from tax-exempt financing, have begun to complain about the use of subsidies to set up competitive establishments," Congressional Budget Office officials warned earlier this year in a report urging a new legislative review of the bonds.

Increasingly, this retail resentment is producing political action to block the availability of I.R.B.s to "outside" chains.

Last summer, local merchants in Ravalli County, Montana, rebelled against a pending $4 million I.R.B. to finance a new K mart shopping center in their area, and obtained a referendum placing the issue on last November's election ballot. The voters turned against K mart and defeated the bond plan.

Similar campaigns to prevent large chains from getting I.R.B.s have since sprung up in Alabama, Oregon and other states.

Even more recently, a House Ways and Means oversight subcommittee held a series of hearings on industrial revenue bonds which produced criticism of current practices from a different quarter.

"A recurring question throughout the hearings centered on whether I.R.B.-generated activity represented actual economic expansion or simply relocation of resources from one area or business to another," subcommittee officials said. "This inquiry surfaced primarily in connection with I.R.B. financing of new retail outlets, such as K mart branches."

Repeatedly during the hearings witnesses argued that retailers and other commercial businesses should be denied access to I.R.B.s altogether, and that the bond subsidy program "should be reserved for manufacturing, warehousing and other industrial projects" which "export" goods out of the community while "importing" new money.

In contrast, retail stores do not create any goods for shipment out of the community and bring in little or no new money to the local economy, the economists argued.

But, officials from at least one state, Ohio, defended their practice of granting I.R.B.s to retailers, contending that commercial establishments tend to hire more employees per dollar of capital investment than manufacturing operations, and provide many entry-level jobs for young and disadvantaged jobseekers.

In the end, the subcommittee reached a compromise position which, while not barring retailers from securing I.R.B.s altogether, would sharply limit the availability of these bonds to commercial firms.

Under the subcommittee's recommendation, the Federal tax laws would be altered to permit commercial I.R.B.-financed projects such as stores and shopping centers only in economically distressed areas.

According to the panel's plan, such locations would be limited to areas with at least 2,500 families, of which 30% or more have incomes below the national poverty level. In addition, at least 70% of the families in qualifying areas must have incomes below 80% of the statewide median income.

If the subcommittee's recommendations are ultimately enacted into law, it appears that K mart and other retailers will find their I.R.B. financing limited to inner-city poverty pockets and other areas where it may be difficult to justify new store construction even with cut-rate funds.

T. G. & Y.

(Continued from page 1)

amid T.G. & Y.'s plans to reposition its discount stores as a fashion/value operation with a new upscale store prototype and an upgraded fashion mix. The plan takes combination stores already run by Vons one step further.

Vons operated 163 supermarkets at the close of its last fiscal year, but 22 of those were food/drug combination stores which sell large amounts of general merchandise. General merchandise for the combination stores is ordered from Ben Franklin wholesale—yet another division of City Products.

Though the Vons combination stores cannot stock broad general merchandise assortments, electronic games with tickets to $50, giftware to $100, and tape recorders and radios to $200 are carried.

Apparel claims 75 sq. ft. and includes skirts, blouses, jogging suits and windbreakers in addition to staples such as T-shirts, underwear and socks. Tickets run to $30 in the combination store's apparel.

Recent fine-tuning of non-food merchandising in Vons combination stores has frequently followed traditional discount store routes: new goods in the stores include several sku's of wicker, and a serviced cosmetics department has been abandoned in a labor-saving move (cosmetics is now serviced by the sound/camera counter staff).

T.G. & Y., following a general trend in discounting to use consumables as traffic draws, has moved to the point where food items are in nearly every tabloid the chain puts out.

City Products' plan to combine elements of both Vons and T.G. & Y. under one roof is a natural outgrowth of the direction at each chain: Food items draw traffic reliably and general merchandise gives higher gross margins.

No market area, store size or name for the new store type has been released. Extensive market research is sure to be one of the largest factors in development of the new chain, however.

Vons has captured sales gains between 22% and 24% for each of the last three years, gaining leading market share in Los Angeles and Orange Counties (Calif.), and much of this success has been attributed to consumer research.

T.G. & Y. recently set up its own consumer research division, and plans to use it extensively in strategic planning. In addition, a T.G. & Y. executive noted that "City Products has put together a market research team, and they will be doing a lot of the work for us."

T.G. & Y.'s Family Center discount stores have recently centered on a 50,000-sq.-ft. prototype size, while Vons' recent combination food/drug stores run 40,000 sq. ft.

The assignment of Carel to City Products' new project and the recent resignation of T.G. & Y.'s other vp of buying William Dorsey have caused a realignment of staff at the chain.

Four group buyers, including Gary Broadhead who was named to this position last November, now divide Carel's and Dorsey's responsibilities. The group buyers include J. R. Hogel, Terry Turner and Ed McBride, all promoted from buyer.

Hogel, previously senior toy buyer, will now be responsible for hardware, toys, seasonals, consumer electronics, toilet goods and fragrances. Terry Turner, boys' wear buyer, will be responsible for all of the wearables categories.

McBride, seasonal greeting card and party supplies buyer, will be responsible for fabrics, domestics, notions, hosiery and accessories.

Additional changes at T.G. & Y. at some point in the future include a renaming of the chain's discount stores, with the T.G. & Y. logo to remain on the 300-plus variety stores.

Roses

(Continued from page 3)

pocket and belt treatments, with new embroidery and stitching.

Roses' jeans arrived in stores in May—which was a bad time for sales of denims in general, said Hofmeister. But the early appearance gave Roses the opportunity to build a good inventory for BTS. Heavily promoted during BTS, sales have accelerated and the program is expected to fly, she said. "We just needed our own promotion," she said.

The decision to bring in its own label came after trying designer jeans and watching other discounters scramble to outprice each other with Wrangler, Lee and Levi's.

"We tried designer jeans and couldn't give them away," Hofmeister said. "I just don't think our customers were impressed. They don't come to Roses to buy $40 jeans; we don't have that image."

Of 6,000 pairs of Diane Von Furstenburg jeans tested by the chain last year, 80% were marked down from the $15.88 promotional price and still wouldn't sell, Hofmeister said. The jeans regularly retailed for $38.

Although the stores carry Wrangler in the name brand category, the buyer said Roses cannot afford quantities necessary to meet competition. "We would just end up getting hurt. Everybody has to pay the same price for the name brands and it's just a matter of how much you want to give them away for."

Roses also regards going through jobbers as too much of a risk in purchasing most basic name brands and designer jeans. "I've been offered Levi's and Calvin Kleins through jobbers, but it makes me nervous," said Hofmeister.

Another important reason behind Roses' initiation of its own label was the havoc late deliveries play with the budget.

"We could no longer rely on the imports," said Hofmeister. She said the turning point came when a 6,000 dozen order that was due last October didn't arrive until June. That incident was followed by an order of 3,000 dozen in March, which failed to arrive by April. "By that time we had our own program and I canceled the order. I told them I didn't want them, I've got my own program."

Even though jeans sales have been soft this year for the chain, Roses expects its own program to increase sales. "The economic factor is important to consider here. We have a lot of farm and factory workers with school-age children."

Construction Begins On New Target Store

MINNEAPOLIS—Target Stores of Minneapolis, a division of Dayton Hudson, will begin construction this month of a 100,000-sq.-ft. store at Highway 52 and 37th Street in Rochester, Minn. The store will be located next to a shopping center developed by North American Realty. Completion of construction is expected by mid-1982.

Sales

(Continued from page 1)

eral improvement of consumer confidence in the economy and the Government's efforts to improve it.

Toys "R" Us, the toy specialty discounter with just over 100 stores in 17 states, including both coasts, had a 35.6% sales gain for the first half, ended Aug. 2. Same-store gains for the half were 20.8%, as total sales reached $221 million from $162.9 million in the first half of 1980. Toys "R" Us plans approximately 20 new stores in 1981, entering the Philadelphia market for the first time with five or six stores.

Strong same-store gains of 8.7% were also recorded by Murphy's Mart stores, with six-month sales of $219.7 million from the 103 stores in operation at the end of the first half of this year, compared to $202.1 million from 102 stores last year. But, the chain's average store volume still falls far under the industry average, which will top $8 million in 1981. The Murphy's Mart increase offset a 1.2% decline at G.C. Murphy variety stores, and gave the corporation a total sales increase of 4.48%. That small sales decline can be attributed to the drop in the number of G.C. Murphy stores to 337 from 355 last year.

Venture, its problems digesting the Chicago Turn-Style acquisitions apparently behind it, posted a 10.1% increase in sales from same stores, to $265.6 million from $241.1 million in 1980's first six months.

Heck's got a 9.1% increase in sales for the half, to $210.1 million from $192.5 million, but net income slipped from 2.9% of sales ($5.6 million) to 2.5% of sales ($5.2 million) as the recent coal strike impacted on volume.

Roses' first-half sales increased 18.6%, to $268.4 million from $226.4 million in 1980.

SPORTING GOODS

Sporting goods PMA figures for the 30-day period ended July 17, supplied by Stem Distributing, a division of Cook United, Maple Heights, Ohio, cover 600 stores, including 480 discount stores in 23 states. Average retail prices reflect typical price points for discount clients.

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
	YEAR ROUND SPORTING GOODS			
1	1377 Crossman pump pistol BB/177	207	45.60	9,439.20
2	5760/760 Crossman BB/177 rifle	210	44.46	9,336.60
3	61-268 Spalding M. Johnson basketball	426	14.73	6,274.98
4	737 Crossman Super BB's milk carton	2,040	1.75	3,570.00
5	811-S Flar lttl league cup spprtr	492	5.68	2,794.56
6	231/5PD Crossman powerlet 5-per box	910	2.38	2,165.80
7	1A10BC Kidde fireaway extinguisher	130	16.48	2,142.40
8	110-M Flar 3-in supporter 117RP	900	2.31	2,079.00
9	2As40BC Kidde fireaway extinguisher	70	29.69	2,078.30
10	7177/177PD Crossman 177 pellet dispenser	1,734	1.19	2,063.46
11	10BC Kidde fireaway extinguisher	164	11.35	1,861.40
12	110-L Flar 3-in supporter 117RP	612	2.31	1,413.72
13	1010 Marks pistol /177/BB dart	80	15.69	1,255.20
14	880 Daisy BB/177 pump rifle	26	45.34	1,178.84

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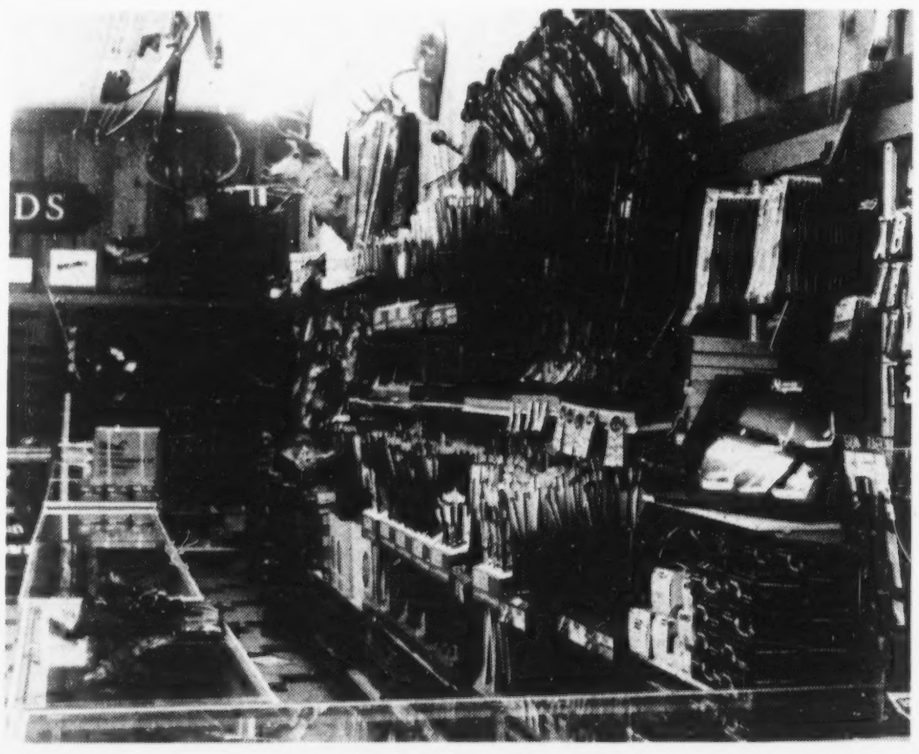

Bows and arrows receive extensive wall space in G.I. Joe's, Beaverton, Ore., store. Category accessories are featured in glass counters directly in front of the wall display. *(DSN photo)*

Ward Sales Increase 11.9% in Second Quarter

NEW YORK—Montgomery Ward's sales rose 11.9% for the second quarter ended June 30, and 13.8% for the six-month period. That helped reduce the chain's loss from $36,000,000 to an estimated $28,000,000 for the second quarter, and to an estimated $75,000,000 from $82,000,000 for the first half.

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DORCY

PMA® PRODUCT MOVEMENT AUDIT

Mfrs. Cut Back; Shortages Mark Sporting Goods

Sporting goods manufacturers cutting back on production created stock shortages at both the wholesale and retail levels, as reflected in the Product Movement Audit for the 30-day period ended July 17.

According to Jim Sylvester, sporting goods buyer for Stem Distributing, a division of Cook United, Maple Heights, Ohio, "most of our manufacturers are building to order because of the high cost of money. There's no such thing as ordering an item on a hot rush basis anymore."

Supply problems notwithstanding, there is strength in the sporting goods category: Rods and reels, along with accessories such as lures, will remain strong for the remainder of 1981. Tackle sales are up almost 45% over last year. Sylvester declared: "People this year are not turned off by the high-ticket, better-quality merchandise. Instead of a beginning fisherman buying a $10 reel and replacing it with another $10 reel the next year and the year after that, he'll buy a $35 unit right now."

The third-place dollar volume ranking of the Zebco combo 808 reel, which carried an average retail of $43.55, re-

(Continued on page 12)

Takeover of Meyer By KKR Looms as Bid Is Accepted

PORTLAND, Ore.—Fred Meyer Inc. has agreed to accept the $55-a-share takeover bid made by Kohlberg Kravis, Roberts Co. (KKR), a New York-based investment company.

The offer will now be passed along to the shareholders for their ratification. While no final date has been set for the vote, the buyout wasn't expected to meet any resistance. (At the annual meeting last month shareholders were told the company would not be sold before Oct. 1 because of certain tax advantages management hoped to accrue thanks to the new Federal tax cut.) The sale would return the 67-unit chain to the privately held status it had before 1960.

New Approach

KKR's offer was the investment firm's third bid in less than a year. Two earlier offers, both for $45 a share, were rebuffed by Meyer's board as being "inadequate" and "not in the best interests of the company." Those bids had included certain conditions—specifically, that Meyer's management participate in a leveraged buyout—which were eliminated from the third offer.

Throughout the bidding, security analysts have said that KKR's $55-a-share offer was a good price for the chain, and that the board would be hard

(Continued on page 25)

SPORTING GOODS

(Continued from page 8)

AMMUNITION

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	DQ 12-8 Rem dove-load S/G shell	2,820	5.89	16,609.80
2	1500 Rem 22 cal 100-pk LR ammo	4,550	3.59	16,334.50
3	TB 22 Rem 22 LR ammo Thunderbolt	5,300	1.60	8,480.00
4	DQ 20-8 Remington shot shell	1,400	5.37	7,518.00
5	1622 Rem hi-speed 22 LR hollow pt	2,600	1.96	5,096.00
6	1022 Remington H/S 22 short	2,900	1.56	4,524.00
7	SP12 6 Rem 2¾ express shell	520	7.79	4,050.80
8	45AP4 Remington 45 auto	199	16.28	3,239.72
9	1600 Remington .22 cal 100 pk LRHP	800	3.96	3,168.00
10	357M2 Rem .357 mag 158 GR	198	15.61	3,090.78
11	SP 12-71/2 Rem 2¾ express shell	380	7.79	2,960.20
12	DP 12-6 Remington shot shell	400	7.39	2,956.00
13	25AP Rem .25 6.35 MM pistol	290	10.08	2,923.20
14	Yeld M Rem cly trgts yellowdome	397	7.16	2,842.52
15	SP20 5 Rem 2¾ express shell	380	6.86	2,606.80

COLEMAN

1	5103 253 Coleman gal fuel	2,460	4.16	10,233.60
2	220K195 Double mantle lantern	140	33.71	4,719.40
3	21A1001 21A Silk mantle	4,750	0.68	3,230.00
4	275-710 Lantern	66	39.74	2,622.84
5	5255 C700/703/710 Cooler, 56 qt	49	48.64	2,383.36
6	5103-164, 16,402 Propane fuel	803	2.96	2,376.88
7	5254C700/703/710 Cooler, 44 qt	49	43.16	2,114.84
8	413G 499 2-Burner stove	41	50.70	2,078.70
9	5276 Super Oscar 6 gal	76	23.28	1,769.28
10	425 E499 Coleman 2-burner stove	46	36.96	1,700.16
11	5114-700 Propane lantern	50	27.40	1,370.00
12	5274-702 Oscar cooler, 4 gal	68	17.12	1,164.16
13	5445C700 Propane heater 2-5 Btu	16	64.40	1,030.40
14	690-048 Clear Glove for 220	324	2.73	884.52
15	220-6201 Pump replacement kit	174	3.44	598.56

FISHING RODS

$ Rank	Item	Unit Movement	Average $ Retail	Total $ Movement
1	1245 Zebco cmb 202 reel w/2023 rod	389	11.52	4,481.28
2	77 Zebco Jr spincast rod/reel	400	10.42	4,168.00
3	3790 Zebco cmb 808 reel w/8965 rod	70	43.55	3,048.50
4	2490 Zebco cmb 600 reel w/4060 rod	150	19.71	2,956.50
5	6312 Daiwa 6'6" spin rod	118	20.78	2,452.04
6	915 920/T6500 OLY spin combo	89	26.67	2,373.63
7	CR10C-6'6" Berkley spin rd cherry	102	21.69	2,212.38
8	2353 Garcia spincast rod 6'	190	11.34	2,154.60
9	1545 Zebco cmb 404 reel w/4040 rod	142	15.14	2,149.88
10	CD402A/212A Daiwa spin cmb kit	140	14.32	2,004.80
11	SP1100 6'6" Shkspr Ugly stik sp rd	41	43.76	1,794.16
12	1100RL/T2600 OLM sp cast cmb	65	26.67	1,733.55
13	3490 Zebco combo 33 reel w/3366 rod	51	32.70	1,667.70
14	208RL/1690 Daiwa PMC spincast cmb	48	34.13	1,638.24
15	S609 Garcia spin rod 6'6"	68	23.90	1,625.20

FISHING TACKLE

1	E. Dearie 5/8 walleye lure assrtd	3,348	1.33	4,452.84
2	E. Dearie 3/8 walleye lure assrtd	2,752	1.33	3,660.16
3	536-55 Cutter insect spry rplint	780	3.43	2,675.40
4	2371/81 Igloo Little Playmate	180	13.68	2,462.40
5	B25B8 Mengo telescopic net 4-8 ft	181	13.58	2,457.98
6	1371/81 Igloo Playmate cooler	104	22.64	2,354.56
7	IP100 O/S Stanbel ice pack small	1,608	1.43	2,299.44
8	536-32 Cutter insect spray, evergreen	528	3.43	1,811.04
9	16SLD/11SLD Water Bascast sinker	612	2.66	1,627.92
10	536-47 Cutter insect creme rplint	552	2.94	1,622.88
11	IP250TR Stanbel ice pack, med	738	2.17	1,601.46
12	IP400 TR Stanbel ice pack, large	456	3.16	1,440.96
13	1060 Old Pal 3-tray tackle box	128	10.32	1,320.96
14	17EG/11EG Water Grem egg sinkers	516	2.54	1,310.64
15	287/88 Igloo fiesta 28-qt cooler	64	20.60	1,318.40

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PMA®
PRODUCT MOVEMENT AUDIT

Shortages

(Continued from page 8)

flected consumer interest in higher-priced fishing gear. Seventy pieces were sold this period compared to 51 this May.

Heading the most recent list was the Zebco combo 202 reel with a 2023 rod followed in second place by a Zebco Junior spincast rod and reel combination. Both models, for relatively inexperienced fishermen, have average retail prices under $12. Unit movement was up from May when the 202 reel ranked 11th and the Junior outfit did not appear on the top 15 list.

Sylvester predicted strong sales of graphite and boron rods as the price points come down to where the average consumer can afford them. The current price range begins at $19.95, in sharp contrast to a low-end ticket of $50 three and four years ago.

Orders on the latest PMA for Coleman products were down due to higher price points, reported Sylvester. "Sales are down because people are now repairing their lanterns and heaters with new parts instead of buying new models," he said. The top two items switched places on the latest PMA, with the gallon fuel can heading the list and the double mantle lantern placing second.

On the brighter side for Sylvester were ammunition sales, up 50% over 1980. Though Sylvester could not say for sure why such an increase took place, he did speculate that retailers might possibly be bringing merchandise in earlier, to avoid getting cut short during the hunting season. Advertisements for the dove season throughout the South broke in early July, causing a spurt in orders, he said. This surge was reflected in the unit movement of the third place item, Remington's 22 LR Ammo Thunderbolt. In the latest PMA it ranked first with a unit movement of 2,504. Though it more than doubled in volume to 5,300 units, it slipped to third place on the current PMA.

Parent of Bradlees Sells N.J. Supers

BOSTON—Stop & Shop, parent company of Bradlees, has sold its New Jersey supermarkets.

Of 16 of the 17 supermarkets in the company's New Jersey-New York division, four were purchased by King's Supermarket of Irvington, N.J., and 12 went to A&P of New Jersey. The Poughkeepsie, N.Y., supermarket was the only store in the division to be retained, and it will become part of the Connecticut-Western New York division, a spokesman said.

Although several Bradlees are located adjacent to the sold-off supermarkets, the company spokesman said the sale of the supermarkets will not have any effect on Bradlees. The spokesman added that Stop & Shop is currently seeking new acquisitions in New Jersey for its Medi-Mart drug store division and Bradlees.

DISCOUNTER MANAGEMENT DEVELOPMENT SERIES

In Search of Real Profits: More Sophisticated Planning Is Needed

By Laurence N. Garter
Director of Retail Consulting Service

Touche Ross & Co.

This is the first in a series of three articles that will focus on some of the changes affecting retailing today and in the future, as well as ways by which retailers can adapt to those changes. Paramount among these is the way we view success and produce real profits.

As we embarked on the 1980's, we found the retail industry in the throes of its most serious challenge in years. After two decades of expansion and diversification we faced a time of reappraisal. Almost two years into the new decade this need to re-examine our business still persists.

Inflation, the energy squeeze and a changing economy have altered the rules for all segments of retailing, affecting everything from store location to marketing strategies to productivity. Slowed population growth and shifting population centers demand that we redefine our customer base. Continuing high credit rates and other economic pressures on consumers make real sales growth tougher to come by. Soaring interest rates and overstored conditions are forcing a rethinking of marketing strategies in many parts of the country.

Regardless of size, retailers will face difficult adjustments during the next few years. Growth, profitability and perhaps even survival will demand vision, wisdom and the ability to look beyond historical success patterns to understand what success in the 1980's will require.

The Consumer

Retailers must recognize the effect that high inflation, interest and energy costs have on consumers and consequently on consumer buying:

- *Less discretionary income.* Shelter, heat, transportation, taxes, and other necessities are taking an increasingly larger portion out of the paycheck, leaving less money for nonessentials.
- *Altered buying patterns.* As discretionary spending responds to inflation, consumers rethink their priorities and values, insisting on high quality. Durability of both style and materials becomes more important as buyers seek better value for their dollar.
- *Changing credit rules.* Consumers are changing the nature and timing of their purchases because of fluctuating pressure imposed on their use of credit by Government, banks, retailers and credit grantors.
- *Changing work patterns and shopping habits.* More women in the work force, coupled with high energy costs, are forcing retailers to adjust their hours of business and sales coverage. The noon hour, evenings and weekends may become even more important shopping periods. Retailers will have to determine, however, if Sunday volume can justify the cost.
- *Higher gasoline costs.* As gasoline costs rise consumers make fewer shopping trips. Each trip must be more efficient and better organized. Will this benefit retailers in the inner cities? Will it hasten the acceptance of electronic shopping?
- *Heightened consumerism.* As they insist on getting their time and money's worth from those who serve them, customers demand more accountability from the merchant, more quality and durability.

The Retailer

The direct effects of high energy costs, interest rates, and inflation on the retailer are equally severe:

- *A squeeze on profits.* Retail prices have *not* kept pace with the rising costs of doing business over the past several years. As a result profitability has eroded. The retailer is caught in the middle between soaring costs and the shrinking consumer dollar, and the pressure to keep prices down is not likely to abate.
- *Improving efficiency and flexibility.* As a result, greater productivity is essential when profits erode. Scheduling sales help to meet changing patterns of shopping, improving the flow and turn of inventories and modifying merchandise mix are but a few of the opportunities for improving profits.
- *Overhead.* Overhead spending and organization structures must be reassessed. Overhead functions built in anticipation of growth that has not materialized may require rethinking and restructuring, not simply paring back.
- *Rethinking store hours.* Despite competitive pressures to remain open long hours, expensive energy and altered shopping patterns can force a change. Opening at noon on weekdays, altering weekend hours and other scheduling changes to better match customer patterns are options for retailers seeking increased productivity and lower costs.
- *Overstoring.* After the rapid expansion of the last two decades, many market areas have been saturated. The search for new, profitable retail space becomes more difficult. The need to deal with the problems of less productive stores becomes more important.
- *Location of stores.* The soaring costs of housing, gasoline and commuting and the decline in highway construction suggest that some locations may become less ideal for new retail sites.
- *Better strategic planning.* All retailers plan, but the challenges of today's economy require a more sophisticated approach. Merchants must develop strategies that prepare for unpredictable economic, political and technological shifts.

With all of these changes affecting the way retailing companies are run, it will also be necessary to change the way performance is evaluated. That is, new standards of measuring success must be developed to match the new set of factors under which retailers operate.

When, for instance, the inflation rate hovers around 15% and the prime interest rate is around 20%, when "real" sales are flat or reclining and the prices cannot keep pace with cost inflation, the retailer who uses outdated methods to keep score may be the last to know that for him the game is over.

Common Threads of Success and Failure

In light of these trends it is imperative that the retailer have a clear understanding of not only the new success criteria, but also of the early warning signs of retail failure. For motivation we need only look at the roster of companies that could not keep pace and filed under Chapter X or XI of the Bankruptcy Act during the 1970's (see Figure 1).

Retailers Filing Under Ch. X or XI in the 70's

Company	Filing Date	Sales (000 omitted)
Arlans	May 1973	$ 206,000
Unishops	Nov. 1973	140,000
Parkview-GEM	Dec. 1973	145,000
Mangel Stores	Mar. 1974	99,000
Interstate Stores	May 1974	306,000
Mammoth Mart	June 1974	143,000
National Bellas Hess	Oct. 1974	172,000
Daylin	Feb. 1975	308,000
W. T. Grant	Oct. 1975	1,850,000
Abercrombie & Fitch	Aug. 1976	23,800
United Merchants	July 1977	1,029,000
Neisner	Dec. 1977	150,000

Fig. 1

Add to these the troubled companies of more recent years such as Food Fair, J. M. Fields, City Stores, Lafayette Radio, E. J. Korvettes, and Goldblatt's and we see the hard facts of life in retailing.

Historical success does not assure success today or for the future; nor does size guarantee immunity to the *real* success problems of the last 10 years. The facts merely prove the adage "The bigger they are, the harder they fall."

By studying the cases of companies that failed, we have found that some common threads exist in retail failures. From these common threads we can develop a set of causes of failure, as well as of early warning signs that can alert the retailer to trouble before it becomes severe.

Lack of Time

There are many threads in past failures, but the most common thread is "lack of time." How often have we heard, "The company could have been turned around if only there had been more time." In fact, time often seems more precious than money. Think about it!

Management, bankers and creditors often try to help a company "buy" time by adjusting lending and credit agreements and extending additional spot credit. But the sad facts are that a company's credibility with its vendors and customers, once eroded, can be impossible to replace. Cash pumped into the company is applied by the creditors to past deliveries. New merchandise is delivered COD, and even then, reluctantly. Customers switch commitments to more reliable sources. The pattern is relentless. Yet almost every retailer caught in such a whirlpool seems to believe "I'm different; I can just tough it out."

But the truth is that time generally *cannot* be bought after the problems have surfaced—especially in today's marketplace. The secret of success then is to buy time before these problems surface by *identifying the early shifts in a company's performance.* And it is clear that such shifts start occurring one to three years before the financial difficulties become obvious. In short, a company in trouble didn't get that way overnight.

The Financial Spiral

In looking for early shifts in performance, the retailer must study closely the company's financial performance because symptoms of operational problems often appear in the financial results. As a company's operations begin to drift, the income statement and balance sheet will often provide an early indication of the company's eroding liquidity.

Consider a company's liquidity as a tank of cash (see Figure 2). Numerous elements can drain that tank. Some of those elements will appear on the income statement; others will show up on the balance sheet. These signs of liquidity erosion, then, are readily available to the retailer who can recognize them as early warning signs of trouble.

The elements that can drain liquidity are:

- From the *income statement:*
  1. Sales volume declines, either in actual dollars or units or sales per square foot.
  2. Gross margin drops because of:
     a. Volume decreases.
     b. Inability to adequately build expense and wage increases into the pricing structure.
     c. Customers shift to less profitable (bargain) products, shifting the sales mix and profitability.
  3. Overhead and development programs are not cut back rapidly, putting them out of line with business needs, further reducing cash and profits.
  4. Borrowing increases, adding high interest costs.
- From the *balance sheet:*
  1. Inventories grow, depleting cash further because of:
     a. Slow reaction to sales decline; lag in adjusting to open-to-buy.
     b. Imbalances created by shift in customer demand leading to high markdowns.
  2. Accounts receivable may grow as customers with similar problems struggle to conserve cash, or as management, in search of a solution to the sales problem, eases credit requirements and accepts greater risks.
  3. Suppliers, sensing the company's problems, become nervous and insist on prompt payment, further depleting cash.

Why is it important to understand the cycle? Because we are in an industry where optimism is essential. Too often,

(Continued on page 17

Elements That Erode Liquidity

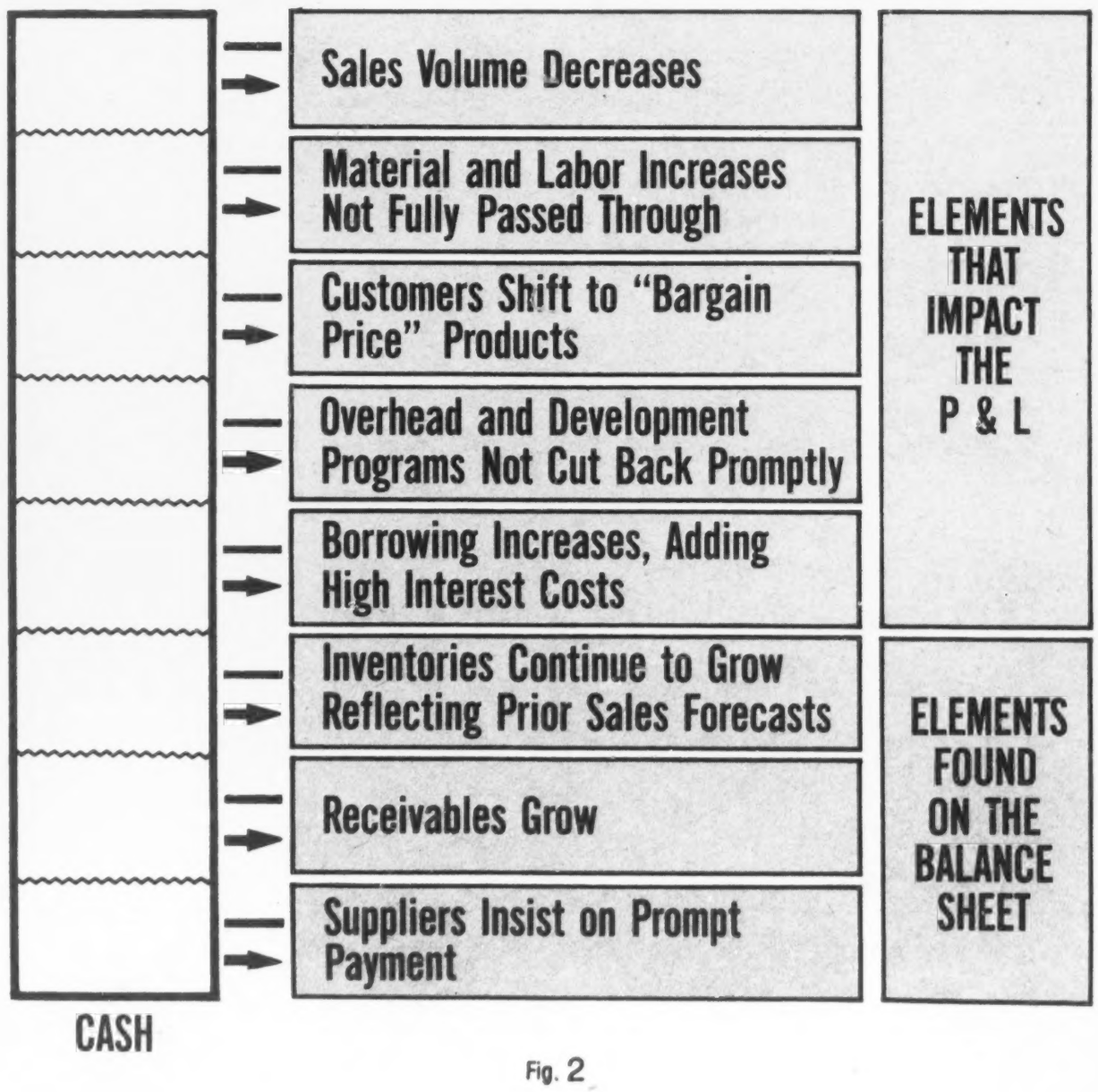
Sales Volume Decreases
Material and Labor Increases Not Fully Passed Through
Customers Shift to "Bargain Price" Products
Overhead and Development Programs Not Cut Back Promptly
Borrowing Increases, Adding High Interest Costs
Inventories Continue to Grow Reflecting Prior Sales Forecasts
Receivables Grow
Suppliers Insist on Prompt Payment
CASH
ELEMENTS THAT IMPACT THE P & L
ELEMENTS FOUND ON THE BALANCE SHEET

Fig. 2

Sophisticated Plan

(Continued from page 15)

however, management focuses on some very simple indicators such as sales growth, market share, hot items or new locations, without considering the impact on liquidity. Understanding the cycle enables management to determine its susceptibility to economic traps.

Businessmen who are successful over the long haul generally understand the cycle, insist on sound planning and, equally important, measure performance against that plan. This gives them early warning of dangerous trends such as sales decline, creeping inventory and receivable levels, profit erosion and cash drains. The extra time they buy helps them keep the liquidity virus under control.

In the next article, we will discuss in detail the common threads of retail failure and illustrate these with some of the industry's failures.

About the Author . . .

Laurence N. Garter, CMC, is a partner with Touche Ross and director of retail consulting service. Garter consults with clients in the areas of business strategies, organization planning, cost reduction and profit improvement, and financial planning and control.

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Sept. 7, 1981

QUESTIONS

Choose the *best* answer from the choices given to complete each statement or answer each question below. Circle your choice.

1. **The most common thread among causes of retail failure is:**
   a) lack of money
   b) lack of time
   c) lack of inventory
   d) lack of sales
2. **How long before the financial difficulties become obvious will significant shifts in a company's performance generally start to occur?**
   a) one month
   b) six months
   c) one year
   d) one to three years
3. **Symptoms of operational problems often manifest themselves as:**
   a) inventory difficulties
   b) financial difficulties
   c) data gathering difficulties
   d) personnel difficulties
4. **A company in trouble will show an erosion of:**
   a) customer base
   b) sales
   c) liquidity
   d) confidence
5. **Which of the following is *not* recorded on the income statement?**
   a) sales volume decline
   b) gross margin decline
   c) increase in borrowing
   d) growth in inventory
6. **According to the article, the causes of failure in retailing:**
   a) are unique to each situation
   b) share a commonality
   c) can be discovered only from hindsight
   d) are limited to financial inefficiencies
7. **The article implies that in the 1980's:**
   a) traditional measures of success will be inadequate for the 1980's
   b) retail failures will double the number of failures in the 1970's
   c) the largest companies have the best chance for survival
   d) all of the above
8. **Which of the following gives a retailer the best chance of success?**
   a) having a large number of stores
   b) continually increasing sales volume
   c) an information system that tracks shifts in performance
   d) controlling store payroll
9. **By studying the failures of other companies, a retailer can:**
   a) gain an awareness of the causes of failure
   b) be alerted to early warning signs of failure
   c) develop criteria for success
   d) all of the above

Executive Changes

Target Names Ward's Svee Senior VP

ROY SVEE, metro district manager, Minneapolis-St. Paul, at Montgomery Ward, has been named senior vice president, strategic planning of Target Stores. He will report to Bruce Allbright, president.

Mr. Wiggs Department Stores' **HOWARD REYNOLDS,** hard lines merchandise manager, and **FRANK ARMENIO,** soft lines merchandise manager, have been promoted to corporate assistant vice presidents. Reynolds, with the company since 1978, and Armenio, who joined Mr. Wiggs in 1979, will retain their positions as merchandise managers.

MARTIN KENNEY has been appointed director of advertising and sales promotion for the Glosser Bros. department store in Johnstown, Pa., and the Gee Bee chain. Kenney was most recently vice president of advertising and marketing for Morton Shoe Stores.

Danners, operator of 3D discount stores, has appointed **DONALD J. BURRELL** to vice president—marketing. Burrell, with the company for 20 years, most recently served as assistant vice president-sales promotion.

K mart Apparel has promoted **BONNIE L. HUNT** to buyer of full figure tops, blouses and shorts. Hunt had previously been associate buyer in this category.

Zayre's apparel specialty chain, T. J. Maxx, has named **VIC MACHUNSKI** manager of financial accounting and budgets; **BARRY OSTROW** manager of accounting services, and **DON GOULD** store audit manager. Machunski joined the company in 1979 as financial accounting and budget manager. Ostrow, also with the company since 1979, was general accounting manager. Gould joined Maxx's in 1977 as an assistant manager of a Bangor, Me., store, and in 1979 was promoted to field auditor.

Dayton Hudson, parent of Target Discount Stores, has promoted **JAMES R. ECKMANN** to director, employee benefit investments. Eckmann joined Dayton Hudson in 1974 as an investment trainee, and in April 1978 he became manager, employee benefit investments.

Vornado, operator of Two Guys, has elected **JULIUS KASINITZ** to executive vice president. Kasinitz was vice president of Caldor for 13 years.

Jamesway's assistant vice president of loss prevention **CARL DURST** has been given the additional title of director of loss prevention.

The Newton Buying Corp., a division of Zayre which operates the T.J. Maxx specialty stores, has named **WILLIAM BUFALINO** buyer of boys' wear. Bufalino was previously associated with Gilchrist's and Marshalls. At T.J. Maxx, **WILLIAM MILLER** has been named director of personnel. Prior to joining T.J. Maxx, Miller was director of personnel for Miller & Rhoads, a division of Garfinckel Corp.

Bufalino

Miller

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Discount Store Census '81-'82: Pp. 15-118
The Top 100 (Volume) Discounters: P. 21

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Discount Store News

THE NEWSPAPER OF THE DISCOUNT DEPARTMENT STORE INDUSTRY

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Discounters to Do $66.6B, Add 428 Stores in '81

Nationwide DSN *Report*

While some chains are posting strong sales gains this year, much of the 10.1% overall volume gain projected for the industry will come from new stores and general merchandise inflation.

Conservative projections by chains put discount industrywide volume for the current fiscal year, including supermarket sales, at $66.6 billion, up from $60.5 billion in the last fiscal year.

With supermarket volume excluded, general merchandise sales in the industry will grow slightly faster, according to *DSN*'s survey of the top 100 discounters. An 11.1% volume gain for the current fiscal year is projected by chains, as general merchandise sales hit $61.1 billion, up from the year-before's $55 billion volume.

Midyear figures from some chains show the industry could well outstrip its conservative sales projection: K mart volume was up 14%, Wal-Mart's sales increased 40.9%, Target was up 27.5% (excluding Ayr-Way) and Zayre recorded a 17.6% sales gain.

High construction costs and high interest rates, combined with uncertainty over the economy, are holding down expansion of store units this year. The industry will be 5.5% larger in number of stores at the close of calendar 1981, a net gain of 428 stores, though last year the industry grew by 6.5% as 470 stores were added.

Net gain in square footage industrywide will be 30 million sq. ft.—like adding two more chains the size of King's—as the number of stores passes 8,000 this year.

Warm-weather states are seeing the bulk of new stores, as strongest gains this year are in the Southeast (9.1% more stores) and Southwest (8.7% more). Arkansas will have the largest increase in numbers, ending the year with a gain of 30 discount stores. Texas is the state with the second most new stores for the year, with 26 more units. Alabama and Georgia were next, adding 22 and 20 new stores, respectively.

Ohio remains the largest state in the country by number of discount stores, with 562, but second-place Texas is gaining ground fast and may become the state with the most discount stores by the end of 1982. Ohio is also the top discount store state by volume, with California's sales second and Texas discount store volume third.

Chicago, Los Angeles, Philadelphia, Boston and New York remain the top metropolitan markets, in that order, by number of stores, though Chicago, Philadelphia and New York remain static in store count for the year. (Chicago is the nation's top volume market for discounters by a wide margin.) The Dallas-Fort Worth market area is the top gainer this year in new stores, with nine.

Scaled-down stores giving greater operating efficiency continue as the main building trend, edging down average store size in the industry. The average discount store entering 1982 will be 70,580 sq. ft., down slightly from 70,600 sq. ft. a year ago. Five years ago, average store size was 71,960 sq. ft.

More stores in the 40,000-49,000-sq.-ft. range were opened this year than any other size, while stores of 60,000-65,000 sq. ft. ranked second in number of openings.

(Continued on page 126)

Pistner Realigns Brass

Kenny, Jefferson/Ward President, Resigns

MIAMI—David Kenny, the last top executive responsible for Jefferson/Ward's initial huge expansion, has resigned as president, clearing the way for Stephen Pistner, president of parent Montgomery Ward, to complete his realignment of the discount chain's management.

Kenny declined to comment on his resignation beyond noting that "a new management has taken over and you either agree or disagree" with their plans.

The key management changes at Jefferson/Ward during the past half year took place while Kenny was president, but were reportedly engineered by Pistner, who became president and chief executive officer of Ward seven months ago.

Jefferson/Ward's initial expansion under Kenny saw the discounter grow from 12 Miami stores to 51 units in seven states during an 18-month period that ended in March, just as Pistner joined Ward.

Ward has had extensive problems and has had to borrow more than $300 million from its parent, Mobil Oil Co. Pistner has launched a "voluntary separation program" at Ward under which top executives with at least 10 years service are being encouraged to leave the company under "fair and equitable" pay and benefit terms.

David Kenny
Ex-President, Jefferson/Ward

A Ward spokesman said that the separation program "doesn't involve Jefferson/Ward."

Kenny credited Pistner with creating "an open door for Jefferson" at Ward so that the discounter could get the financial and executive help it need-

(Continued on page 125)

Glosser to Open Off-Price Apparel Store

JOHNSTOWN, Pa.—Glosser Bros. plans to enter the specialty store market this fall with a winner.

Following in the footsteps of Woolco, Zayre and Dayton Hudson, which have broadened their customer base with off-price brand name units, Glosser will open Winners, its version of J. Brannam, T. J. Maxx and Mervyn's.

The first unit will be unveiled Oct. 22 in a strip shopping center in Pleasant Hills, a Pittsburgh suburb.

"We're hoping that this will be the beginning of numerous other stores," said Alvin Glosser, president and ceo. He would not disclose how many future units are planned, but indicated that several will be opened in 1982.

The corporation—which operates 19 Gee Bee discount stores, a department store and 13 supermarkets in Pennsylvania, Maryland and West Virginia—is not discouraged by the fear some retailers have that the recent surge to open off-price specialty stores will soon glut the market.

Glosser's analysis is that the off-price branded apparel market is still solid and there is plenty of growth potential left. "We think it is a growing industry and it's an offshoot of discounting, which we're familiar with," said Glosser. "It is an opportune time for us, based on the problems we've had with the economy in this area, and considering that we are starting to make headway."

(Continued on page 125)

Goldberger and Segall Honored

Herbert Goldberger, discounting's most recent hall-of-famer, and Maurice Segall, the 1981 Discounter of the Year (right) received their plaques and the congratulations of more than 400 industry leaders at *DSN*s annual awards banquet in Chicago. Segall, president and chief executive officer of Zayre, was honored in recognition of that chain's dramatic 1981 turnaround in sales and profits and Goldberger, founder of Hills, for his lifetime contribution to the industry. Both men are shown accepting the award from Stuart J. Horton, publication director of *Discount Store News*.

Toys 'R' Us Tests Kids' Wear; Buying Brands Direct Is Problem

ROCHELLE PARK, N.J.—Toys "R" Us is looking to spread its volume more evenly over the calendar year—and boost margins—by adding less-seasonal children's wear, including designer items.

The 102-unit discount toy chain added 1,000-sq.-ft. infants' and toddlers' apparel departments just after Christmas last year, and has been testing different-size departments and new assortments ever since. According to vice president John Devine, this Christmas will provide the test that will determine how much emphasis the chain will give to the line thereafter.

The chain is counting on branded goods to make the department work by pulling more traffic through the year, and no-name products to provide better gross margins than the store achieves on most toys.

"Obviously we're trying to carry all branded goods," commented Devine after a recent advertisement listing all branded items appeared in the Sunday *New York Daily News*.

A three-quarter page ad featured Strawberry Shortcake, Billy The Kid, and Garanimals boys' and girls' coordinated separates for sizes 2-4 (with Garanimals also available in 9-24 months age groups.) The promotion also noted jeans by Sergio Valente, Lee, Billy The Kid and Wrangler for toddlers.

(Continued on page 126)

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Editorial

Discounting, Still Progressive And Dynamic, Keeps Growing

Making The Rounds

with Doug Stinson

Editor

The industry keeps growing.

In spite of doomsday warnings from some alleged experts that discount department stores have already peaked, in spite of increasing competition from relatively new forms of retailing—flea markets, off-price apparel chains, outlet malls and others—and in spite of pressure from the fast-growing specialty chains and catalog showrooms, the discount department store industry will reach $66.6 billion (including the connected supermarkets) in this fiscal year, $61.1 billion from general merchandise sales only.

The average sales per store have topped the $8 million mark for the first time, and the range keeps stretching. Many discount stores in the 30,000-40,000-sq.-ft. range do less than the industry-average $106 a square foot in general merchandise, and just as many big stores (over 150,000 sq. ft.) sell well in excess of the average.

The Background

The year has brought continued consolidation of the industry, as chains sought less expensive (and usually less risky) alternatives to new store construction. Wal-Mart's buy of the Big K chain, King's buy of Barkers, Cook's acquisition of Rink's, and Target's takeover of Ayr-Way shortened the list of chains by four, and concentrated a billion dollars more in sales in the remaining companies.

Others that disappeared from the roster of discount department store chains in 1981 were Community, which was sold in chunks to May's Family Centers and Zayre; and Korvettes, which was finally folded by its French parent company during 1981. The Treasury was sold off by parent J.C. Penney, some of the stores also to Zayre, and Unishops shut its doors. Twin Fair, which still operated 16 stores (at presstime) in New York, has already announced that it is seeking a buyer for all of them.

At any convention or other gathering of discounters, you hear the same theme: that soon there will only be 10 or 20 chains.

I hope not.

No industry can survive unless it is dynamic and progressive, with ample opportunity for experimentation and change. When the business is concentrated among a few very large companies, the excitement will be gone. The edge that is honed daily against local, regional and national competitors will be dulled.

There's a group of Gibson franchise stores in Texas that, according to a K mart merchandiser "gives us fits" in its hometown markets. How? By being the local expert, by operating on a simpler, more efficient scale, by being faster to react to the changing market, and by having the courage to experiment with new concepts, merchandise programs and presentations that make K mart—which is hampered in these areas by its size—look stodgy in comparison.

This is a chain of small stores, doing less than $50 million, successfully taking on the $16 billion giant K mart and doing very well at it, thank you.

When that sad day ever comes that 20 chains are the entire discount department store industry, you can forget about the kind of excitement that is generated by these David-vs.-Goliath tales. The 20 giants will just whack up the pie, sit back, and get very complacent as the dollars keep rolling in.

In other words, they'll get fat and lazy. We all know what happens when a chain gets fat and lazy, and it ain't good.

It's reassuring, then, to look at the giants in discounting—the billion-dollar chains—and see a little sign of fatness or sloth.

K mart, as befits its No. 1 position, is leading the way in remodels and new store construction, with a brighter, sexier, bolder presentation. "Unlimited open-to-buy" is the buzzword at K mart for designer apparel lines, and the intensified merchandising of many departments is already paying off for the chain. Certainly, K mart is not fat or lazy.

Woolco—which some say was just a *little* fat and lazy in the last few years, has launched an exciting new store look and merchandise presentation package in New Jersey. (What is there about New Jersey that makes it the first testing ground for such projects as K mart's remodels and Woolco's new prototype? Must be the close proximity of New York.) Wal-Mart is without a doubt the leanest and meanest of the billion-dollar group, with its Big K buy, Mexican venture and undiminished new-store growth driving up everyone's blood pressure.

Keeping Pace

Zayre is a close second to Wal-Mart for the leanest-and-meanest award, as it starts to get the payback on its extensive remodeling program. Target, like Wal-Mart, just keeps rolling along—aided now by more than 40 ex-Ayr-Way stores in its midsection—and even staid old T.G. & Y. is coming up with a new prototype that will bring that chain into the forefront of store layout and design.

So among the biggest chains in the industry there is a little sign of approaching old age, or of fat-cat attitudes.

In fact, among the largest, most successful chains, there are ample examples of far-sighted and progressive planning.

There's a message there for all of us.

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Due to space limitation, DSN was unable to run articles in this issue on all Top 100 (by volume) chains. Statistics for the chains omitted are included in the chart on p. 21.

(The page references for Lawn & Garden and Sporting Goods are given incorrectly in the index on p. 51.)

The editorial is on p. 2; Bob Curtis' Pilferage Prevention-column is on p. 4; Executive Changes is on p. 7. Other regular departments and features have been omitted from this issue because of the size of the special discount census. They will be resumed in the Oct. 5 issue.

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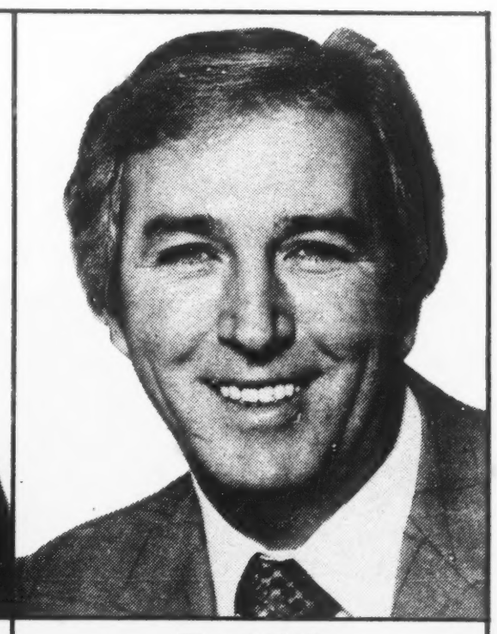
Vol. 20, No. 19 Sept. 21, 1981

1981-82 DISCOUNT STORE CENSUS

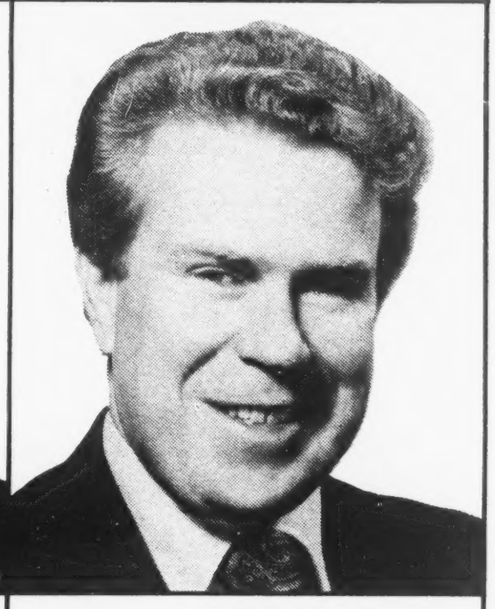
Discounters Making Headlines

Stephen L. Pistner



Floyd Hall

Samuel Leftwich



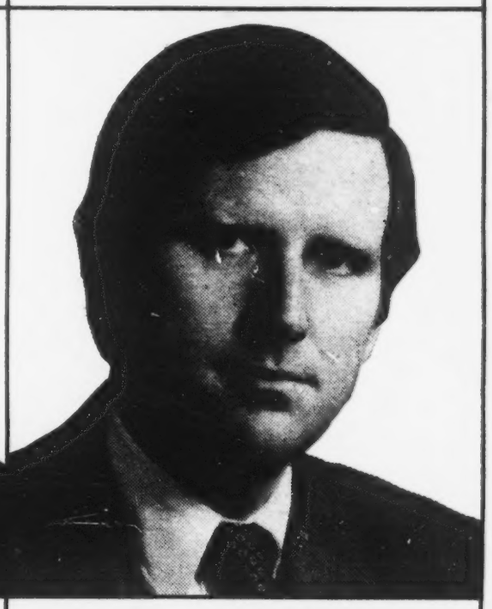
John Parker

Among the discounters making headlines this year were **Stephen L. Pistner,** who left Dayton Hudson for the top spot at Montgomery Ward; **Floyd Hall,** former head of B. Dalton bookstores who was named chairman of Target in the management shakeup that followed Pistner's exodus; **Arnold Suval,** the former head of Zodys who Pistner tapped to run Ward's foundering Jefferson/Ward division; **Dan Kelly,** who became president of T.G. & Y.; **Samuel Leftwich,** named president of industry giant K mart; **John Parker,** named to the newly created post of general manager, U.S. Woolco; **Thomas Hays,** who took the helm at Venture, and **Stephen A. Goldberger,** who became president of Hills after his father, chain founder Herbert Goldberger, retired. Not shown: **Paul Kwasnick,** who returned to the president's post at King's; **Hugo Mann,** now sole owner of the largest privately held retailer in the U.S., Fed-Mart, and **Larry Schaen** the new head of Two Guys.

Arnold Suval

Dan Kelly

Thomas Hays



Stephen A. Goldberger

Discounters to Top $61B In '81 Gen. Mdse. Sales

General merchandise sales in discount department stores will top $61 billion in 1981, and total sales, including food, will exceed $66 billion.

The average sales per discount store have also passed a milestone, as they rise to $8,157,766 including food from each of 8,164 stores—428 more than last year.

Sales per square foot in general merchandise rose more than 6%, to $106.04 from $99.29, as volume grew. Store size continued to drop as the 100,000-sq.-ft. giants of years past are replaced by more efficient selling machines that range (usually) from 40,000 to 70,000 sq. ft.

The store size average was also pulled down by such moves as Woolco cutting its 100,000-sq.-ft. stores to 70,000 sq. ft., and putting a J. Brannam in place, and Zodys taking seven 100,000-sq.-ft.-plus Gold Circles in California and opening 70,000-sq.-ft. stores.

(Two Guys ran counter to the trend, shutting supermarkets in some of its stores, and having to take the space—turning 70,000-sq.-ft. stores into 100,000-sq.-ft. stores—when no lessee could be found.)

Wal-Mart, K mart and T.G. & Y. are most typical of the industry, with stores mostly in sizes under 50,000 sq. ft. (as K mart's Group 9 stores), and few larger. K mart does, of course still open some over 70,000 sq. ft., but not as many as in the past.

State of the Discount Store Industry

	As of Calendar Year Ended 12/31/80	Projected for Calendar Year Ending 12/31/81
Square footage	546,091,000	576,215,000
Net Gain in Square Footage	32,779,000	30,124,000 (5.5%)
Stores	7,736	8,164
Net Gain in No. of Stores	470	428
Annual Sales Incl. Food (1)	$60.5 Billion	$66.6 Billion
General Merchandise Sales	$55 Billion	$61.1 Billion
Average Sales/Sq. Ft./Yr. (1)	$110.79	$115.58
Average Sales/Sq. Ft., General Merchandise	$99.29	$106.04
Average Sales/Store/Year	$7,821,590	$8,157,766
Average Store Size	70,600 sq. ft.	70,580 sq. ft.

(Source: DSN Research)

(1) Includes supermarket sales, when under same roof, for calendar 1980, 1981.

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Discount Store Census '81/'82

New Prototypes, Adjacencies, Presentations Evolve

Better gross margins, higher sales per square foot and increased gross margin dollar productivity are the goals of the upscale trend, particularly in apparel, as in Athens, Ga., Richway. *(DSN photo)*

Even more traditional Wal-Mart has entered the upscale apparel scene with this Doody-designed race-track/fashion approach in its still-experimental Moore, Okla., store. *(DSN photo)*

Major merchandising changes for some of the largest discount department store chains turned 1981 into a year of new prototypes, new adjacencies and new presentations.

K mart's continuing revamping of its aging stores continues apace after last year's start in New Jersey and Indianapolis.

Woolco has unveiled a new look for its stores that brings the chain's presentations into the 1980's with upscale apparel fixturing and race-track aisles.

T.G. & Y. is completing its new prototype, a complete redesign, that will open in four or five test stores next September; it's a bright, airy, modern and very much upscale approach for the traditional Oklahoma City-based chain.

Wal-Mart continued its experiments in new designs in its Victoria, Tex., store—at 90,000-plus sq. ft., bigger than most Wal-Marts.

Caldor opened some huge (140,000-sq.-ft.) bi-level stores in old Korvettes stores, and brought its upscale hard lines approach to a more fashion-oriented department-store style presentation—perhaps partly the result of that chain's acquisition by Associated Dry Goods this year.

As an overall trend, tradeup is still paramount in the discount stores, with that approach now coming in some new departments. Lifestyle furniture, for example, is getting more space, and tradeup merchandise in the form of glass and chrome KD, and CE departments in many chains are attracting high-ticket, high-quality, brand-name home sound products.

The reasons for all the switching around? Greater productivity from each store, of course, and a higher percentage of high-margin soft lines business. But increased return on inventory investment, especially as measured by gross margin dollar production for each dollar of inventory investment, is the primary force behind many of the merchandising moves made in 1981.

K mart's remodels are expected to drive up the volume in its apparel departments and domestics departments (enlarged when fabrics were taken out). Its increased promotional efforts, especially in H&BA, are meant to produce higher turns in that category, and improve the GMROI.

Woolco's new prototype will boost apparel volume, improving its gross margin percentage.

T.G. & Y's new store—which will probably open with a new name—should get greater unit sales, higher average tickets, and more apparel sales for a threefold assault on higher gross margin dollar production.

Wal-Mart's merchandising moves, which have kept the chain in the three-per-cent-net-of-sales income range consistently for years, generated their higher gross margin dollars with high-ticket promotions, "million-dollar item" contests and by out-assorting K mart without getting excessively wide.

Discounters to Handle More of Own Goods

Goal: More Distribution Center Productivity

Tight inventory control is a must while interest costs remain so high, and better turns, with no other improvement, will improve the GMROI in every department.

Because of these pressures to improve turns and reduce inventory costs, discounters will be handling more of their own merchandise—20% more, according to recent *DSN* research—and looking for ways to improve the efficiency of existing distribution facilities.

Distribution now accounts for a median 7.2% of sales among discount department store chains, and real costs—in 1981 dollars—are expected to increase by 13% in the next five years. With numbers like that coming down the road, it's imperative that discounters cut distribution costs.

K mart, which until recently only handled approximately 25% of its goods through distribution centers, is bringing several centers around the country on line to boost that percentage. Woolco has already brought its total to 40%, from 25% a few years ago, and is aiming at 50% in a few more years.

The Census Counted on These Chains

Stores included in the statistical section of the census all meet DSN's definition of a discount department store; that is, they each have at least 10,000 sq. ft., both hard and soft goods departments, and an expense structure below that of a conventional department store.

Pamida is up to 60% from 74% a few years ago. The trend is clearly to more use of distribution centers, less goods direct or from wholesalers, and faster turns through DC's and warehouses.

Construction costs impact as severely on new distribution facilities as on new stores, and the trend is also away from new warehouse or distribution center construction to making the existing facilities more efficient.

Computerization, new hardware and new strategies have been adopted to achieve greater productivity from the existing distribution centers. Basics will always be warehoused, but some chains have shortened lead times—Roses, for example, which used to buy 12-15 week supplies of some merchandise to get a better price, is now buying just a six-eight week supply.

T.G. & Y., following industry trends, expects to move as much as 80% of its merchandise through its own warehouses and distribution centers (shown above), up from 65% now. *(DSN photo)*

The acquisition deal of the year may be Wal-Mart's purchase of Kuhn's Big K: 100 stores for $100 million, and only 10 or 15 of them won't be opened because of market conflicts or (small) size. *(DSN photo)*

Deal For Big K Reflects Wide Acquisition Trend

Hundreds of stores and more than a dozen discounters were involved in intraindustry deals that brought the demise of some old respected names in discounting—Ayr-Way, Big K and Barkers—as aggressively growing chains chose the less expensive route of acquisition rather than face the uncertainties of new construction.

The most astute deal in 1981 may be Wal-Mart's buy of the Big K operation, which should net it almost 100 stores at a total cost of approximately $100 million. The Big K stores are in a couple of new markets, and in many complementary markets, with only a few so small they cannot be converted or so near an existing Wal-Mart that they cannot be opened.

The $100 million total cost of the deal should net Wal-Mart—when the stores are up to Wal-Mart snuff—more than $500 million in sales and $15 million a year in net income; that's a continuing payback on $100 million (1981 dollars) that will get more and more attractive.

Target's buy of the Ayr-Way group filled a hole in the middle of Target's North Central-to-Deep South geography with more than 40 compatible stores with an established customer base. The Ayr-Way stores, especially the Indiana/Indianapolis group, will provide an advertising umbrella that will help cut ad costs for the chain as it expands east and south into Arkansas and Tennessee.

Both the King's/Barkers and Cook United/Rink's deals were particularly advantageous in the way the stores fit and the complementary merchandising presentations of each chain. Each deal also doubled the previous size of the acquiring firm, from the $300 million-$400 million level to the $700 million level.

The Top 100: Volume and Store-Number Projections

Rank	Chain (HQ State in Parentheses)	Sales Volume in Millions: Projected General Merchandise Sales, Current Fiscal Year (Including Leased Dept. Sales)	Sales Volume in Millions: General Merchandise Sales, Previous Fiscal Year (Including Leased Dept. Sales)	Sales Volume in Millions: Projected General Merchandise Sales, Current Fiscal Year (Not Including Leased Department Sales)	Net Earnings in Millions Previous Fiscal Year	No. of Stores: 1/81	No. of Stores: 6/81	No. of Stores: 12/81	No. of Stores: To Be Added, 1982	Total Sq. Ft. (Add 000): 1/81	Total Sq. Ft. (Add 000): 6/81	Total Sq. Ft. (Add 000): 12/81	Total Sq. Ft. (Add 000): To Be Added, 1982
1	K mart (Mich.)	$16,255 (a)	$14,246	$15,537	$261.0	1,885	2,000	2,055	100	110,300	116,600	120,000	5,500
2	Woolco (N.Y.)	3,419 (a)	3,108	3,282	122.0	454	461	467	15	36,600	37,090	37,510	1,050
3	Wal-Mart (Ark.)	2,200	1,698	1,165	55.7	330	344	480	70	15,500	16,200	19,000	3,800
4	Target (Minn.)	1,853	1,532	1,553	91.1 (b)	137	146	151	15	13,230	13,950	14,450	1,200
5	T.G. & Y. (Okla.)	1,675	1,373	1,675	—	511	528	538	28	17,314	17,924	19,027	2,125
6	Zayre (Mass.)	1,495	1,340	1,465	—	248	251	259	10	17,600	17,800	18,400	730
7	Gemco (Calif.)	1,491	1,263	1,402	41.7 (b)	83	85	89	6	9,210	9,430	9,870	660
8	King's (Mass.)	866	729	860	3.9	250	248	248	—	15,400	15,280	15,280	0
9	Hills (Mass.)	790	662	715	—	83	88	93	10	6,329	6,710	7,091	763
10	Caldor (Conn.)	787	667	787	21.2	62	66	74	10	5,400	5,800	6,600	900
11	Pay Less (Ore.)	780	707	780	—	144	143	145	12	4,320	4,210	4,350	360
12	Bradlees (Mass.)	742	663	711	—	89	89	91	6	6,140	6,140	6,300	480
13	Cook United (Ohio)	665	300	654	2.7	75	123	124	3	3,872	7,207	7,252	135
14	Two Guys (N.J.)	653	616	626	—	49	49	46	– (c)	6,500	6,500	6,245	0
15	Venture (Mo.)	623	561	623	11.9 (b)	45	45	45	—	5,334	5,334	5,334	0
16	Fred Meyer (Ore.)	605	506 (d)	605	—	66	66	68	4	5,900	5,900	6,100	400
17	FedMart (Calif.)	600	545 (e)	587	—	68	68	68	—	5,646	5,646	5,646	0
18	Alexander's (N.Y.)	546	520	546	—	16	16	16	—	3,855	3,855	3,855	0
19	Rose's (N.C.)	536	483	536	6.5	173	178	180	5	7,480	7,700	7,788	220
20	Murphy's Mart (Pa.)	509	463	447	9.5	103	104	105	4	4,775	4,845	5,205	240
21	Meijer's (Mich.)	457	415	457	—	29	33	33	3	4,457	4,913	4,913	450
22	Jefferson/Ward (Fla.)	448	400	430	—	46	51	51	– (f)	5,060	5,410	5,410	(f)
23	Fedco (Calif.)	408	361	371	—	7	7	7	—	900	900	900	0
24	Ames (Conn.)	405	338	375	8.7	104	106	110	10	4,920	5,004	5,172	420
25	Zodys (Calif.)	380	339	285	—	37	44	48	8	2,940	3,430	3,710	560
26	ShopKo (Wis.)	358	300	351	—	30	30	32	—	1,700	1,700	1,900	0
27	Gold Circle (Ohio)	345	391	345	—	42	42	35	—	4,993	4,993	4,293	0
28	Pamida (Neb.)	343	337	343	9.1	186	186	186	—	3,526	3,526	3,600	100
29	Times Square (N.Y.)	325	290	227	—	14	14	14	—	2,300	2,300	2,300	0
30	Jamesway (N.J.)	310	285	297	3.9	63	62	64	6	3,574	3,507	3,643	307
31	Howard Bros. (La.)	304	279	304	—	100	100	100	—	3,540	3,540	3,540	0
32	Heck's (W. Va.)	285	242	285	16.3 (b)	86	90	96	16	2,996	3,132	3,350	497
33	Richway (Ga.)	260	234	244	—	21	23	25	8	2,285	2,455	2,625	680
34	Grand Central (Utah)	257	235	257	—	32	32	32	—	2,330	2,330	2,330	0
35	S. E. Nichols (N.Y.)	231	210	222	—	43	42	43	—	4,000	3,910	4,000	0
36	ALCO (Kan.)	189	162	189	3.3	73	80	80	7	2,188	2,433	2,433	213
37	Fishers Big Wheel (Pa.)	180	158	160	—	65	67	74	10	3,500	3,575	3,825	350
38	Harts (Ohio)	178	135	178	—	18	22	23	1	1,227	1,500	1,570	—
39	J. W. Mays (N.Y.)	175	181	167	0.7	8	9	10	2	1,982	2,082	2,182	200
40	Bi-Mart (Ore.)	170	152	170	—	24	25	26	3	720	750	780	90
41	Ann & Hope (R.I.)	168	153	171	—	4	4	4	1	750	750	750	180
42	Clover (Pa.)	152	124	148	—	13	14	15	3	870	934	999	186
43	Danners (Ind.)	140	118	132	—	29	30	30	1	1,416	1,455	1,455	40
44	Magic Mart (Ark.)	129	103	116	—	49	49	49	—	1,400	1,400	1,400	0
45	Prange-Way (Wis.)	126	102	120	—	22	22	23	3	1,100	1,100	1,225	235
46	Glosser Bros. (Pa.)	120	117	110	—	20	20	21	—	1,380	1,380	1,440	0
47	Gaylords (N.J.)	120	120	120	0.5	44	41	41	—	2,000	1,850	1,850	0
48	Smitty's (Ariz.)	118	101	94	—	14	14	14	2	1,400	1,400	1,400	220
49	Quality Stores (Mich.)	114	100	114	—	24	25	25	—	750	750	750	0
50	Sky City (N.C.)	110	100	71	—	64	64	68	4	2,360	2,360	2,560	220
51	Value City (Ohio)	110	105	110	—	17	17	17	—	1,700	1,700	1,700	0
52	Swallen's (Ohio)	108	99	108	—	9	9	8	—	1,040	1,040	960	0
53	May's Family Centers (Ind.)	100	56	72	—	23	20	20	3	1,500	1,300	1,300	200
54	Rich's (Mass.)	100	90	95	—	12	12	12	1	740	740	740	60
55	Modell's (N.Y.)	93	85	12	—	6	6	6	—	750	750	750	0
56	Mr. Wiggs (Ohio)	90	80	90	—	17	17	17	—	875	875	875	0
57	Maloney's (Ky.)	84	59	83	—	16	35	37	10	260	500	525	200
58	David's (Kan.)	80	67	80	—	7	8	9	1	462	524	524	60
59	Twin Fair (N.Y.)	70	144	68	—	31	16	16 (g)	—	2,839	1,374	(i)	(i)
60	G.I. Joe's (Ore.)	60	58	60	—	7	7	7	1	427	427	427	60
61	Valley Fair (N.J.)	57	54	38	—	2	2	2	—	310	310	310	0
62	The Fair (Mass.)	57	50	50	—	6	6	6	—	535	535	535	0
63	Copps (Wis.)	51	46	47	—	12	12	12	—	720	720	720	0
64	Van Leunen's (Ohio)	49	41	43	—	5	6	6	—	420	450	450	—
65	Click (Ohio)	46	41	39	—	9	9	9	—	1,075	1,075	1,075	0
66	Monte Mart (Calif.)	45	42	37	—	3	3	3	—	213	213	213	0
67	Grandpa Pidgeon (Mo.)	45	40	45	—	5	5	5	—	315	315	315	0
68	Laneco (Pa.)	44	40	33	—	13	13	13	1	1,200	1,200	1,200	98
69	The Andersons (Ohio)	43	39	43	—	3	3	3	—	175	175	175	0
70	Giant Way (Mich.)	41	41	37	—	15	15	15	—	560	560	560	0
71	Lee Shops (Mass.)	40	36	33	—	9	9	9	—	480	480	480	0
72	Bargaintown (Ala.)	35	32	35	—	41	41	41	—	820	820	820	0
73	Lloyds (N.Y.)	35	33	29	—	3	3	3	—	283	283	283	0
74	Matco (Mo.)	34	34	34	—	15	15	15	—	365	365	365	0
75	West & Co. (La.)	33	30	33	—	10	8	8	—	380	350	350	0
76	Wonder World (Nev.)	33	30	0	—	4	4	4	—	440	440	440	0
77	Kingsway (Mich.)	33	30	24	—	2	2	2	—	247	247	247	0
78	Treasure City (N.Y.)	32	30	32	—	13	13	13	—	780	780	780	0
79	Shopper's World (Tex.)	31	28	28	—	21	21	21	—	500	500	500	0
80	Conley's (Ohio)	30	30	30	—	12	12	12	—	320	320	320	0
81	Goldman's (Ohio)	30	28	30	—	10	6	6	—	960	500	500	0
82	Gibson/Martin (Miss.)	29	25	29	—	11	10	10	—	340	336	336	0
83	Mars (Mass.)	27	24	21	0.5	7	7	7	—	438	438	438	0
84	Sage (Tex.)	27	40	16	—	3	2	2	—	300	200	200	0
85	Jack's (Ill.)	26	23	26	—	5	6	6	—	162	215	215	0
86	Magic Mart (Va.)	24	22	24	—	9	9	9	2	310	310	310	80
87	Apollo (N.Y.)	24	28	12	—	8	7	7	2	485	423	423	87
88	Stein Mart (Miss.)	24	22	21	—	4	5	5	—	210	270	270	0
89	Singleton's (Va.)	22	20	22	—	9	9	9	2	192	192	192	60
90	Val Corp. (Ind.)	20	18	20	0.4	17	17	17	—	220	220	220	0
91	Sam's (Calif.)	20	18	19	—	8	8	8	—	225	225	225	0
92	Union Hall (Ill.)	18	16	18	—	2	2	2	1	150	150	150	75
93	Globe (Mass.)	17	17	9	—	7	7	7	—	220	220	220	0
94	Mailman's (Pa.)	17	16	8	—	3	3	3	—	300	300	300	0
95	Martin Value Centers (N.J.)	17	15	17	—	8	8	8	—	161	161	161	0
96	Gibson (Tex.) (h)	16	80	16	—	23	9	4	—	1,412	553	246	0
97	Silverman's (Ohio)	15	14	15	—	5	5	5	—	100	100	100	0
98	RDR Discount City (N.Y.)	12	11	12	—	11	11	11	—	225	225	225	0
99	A-Mart (Va.)	12	11	12	—	6	6	6	—	126	126	126	0
100	Vegas Village (Nev.)	12	13	10	—	3	2	2	1	293	280	280	80

(a) Includes U.S. and Canadian K marts and Woolcos. (b) Operating income. (c) DSN*'s projection is based on no further contraction of the chain, but the sale of some Two Guys locations is likely before the end of the firm's fiscal year. (d) General merchandise sales only; Fred Meyer's total sales in the last completed fiscal year were $972.8 million, of which 52% was nonfood. (e)* DSN*'s projection is based on FedMart's last full fiscal year, which ended in August 1980, and on the first 12 weeks of a short fiscal year that ended in February 1981. The firm is now private, and releases none of its financial results. (f) Jefferson/Ward's 1982 plans were not set at presstime, as the chain ponders what course to take with its conversion of Ward stores to Jefferson/Ward. (g) At presstime, Twin Fair had announced its intention to sell its 16 remaining stores.* DSN*'s projection is based on the assumption that the remaining stores will stay open for the balance of the fiscal year. (h) Gibson results are reported this year for Gibson's owned stores only.*

Projected sales figures are for general merchandise only, not including supermarket sales. Leased department sales are included in the first and second columns, deleted from the third. Some projections are *DSN* estimates. The methodology used by *DSN* to make these projections included a general merchandise inflation factor of 5.5%, allowances for stores opened or closed during the fiscal year, the chain's historical sales gains, and first-half results when available. Sales and store-opening projections (by the chains and *DSN)* are conservative, due to the current difficulty of projecting retail results.

BEST AVAILABLE COPY

Discount Store Census '81/'82

Target to Enter Fray

Market-Share Brawl Shapes Up in San Antonio

SAN ANTONIO—Some major discounters and catalogers in this Sunbelt city are heading for market-share battles.

K mart and Woolco, which have been head-to-head for dominance of the discount department store market, will be joined next year by Target, as that chain spreads out of the Houston market.

Other chains in the market—FedMart with two stores and Shopper's World (six) are not likely to expand in an effort to counter the Target entry. FedMart is said to be considering closing its stores out of the southern California markets, and Shopper's World is an entrenched local chain with its own loyal following.

Target's upscale presentation and department-store ambience make it a logical alternative for San Antonio shoppers, who will have to pick between the traditional discount chains—K mart and Woolco—and conventional department stores in town.

K mart and Woolco, however, each have remodels that could presumably be used in San Antonio to fight the Target image, and a three-way battle like the one being waged in Indianapolis (between Target, remodeled K marts and refurbished Zayres) could develop.

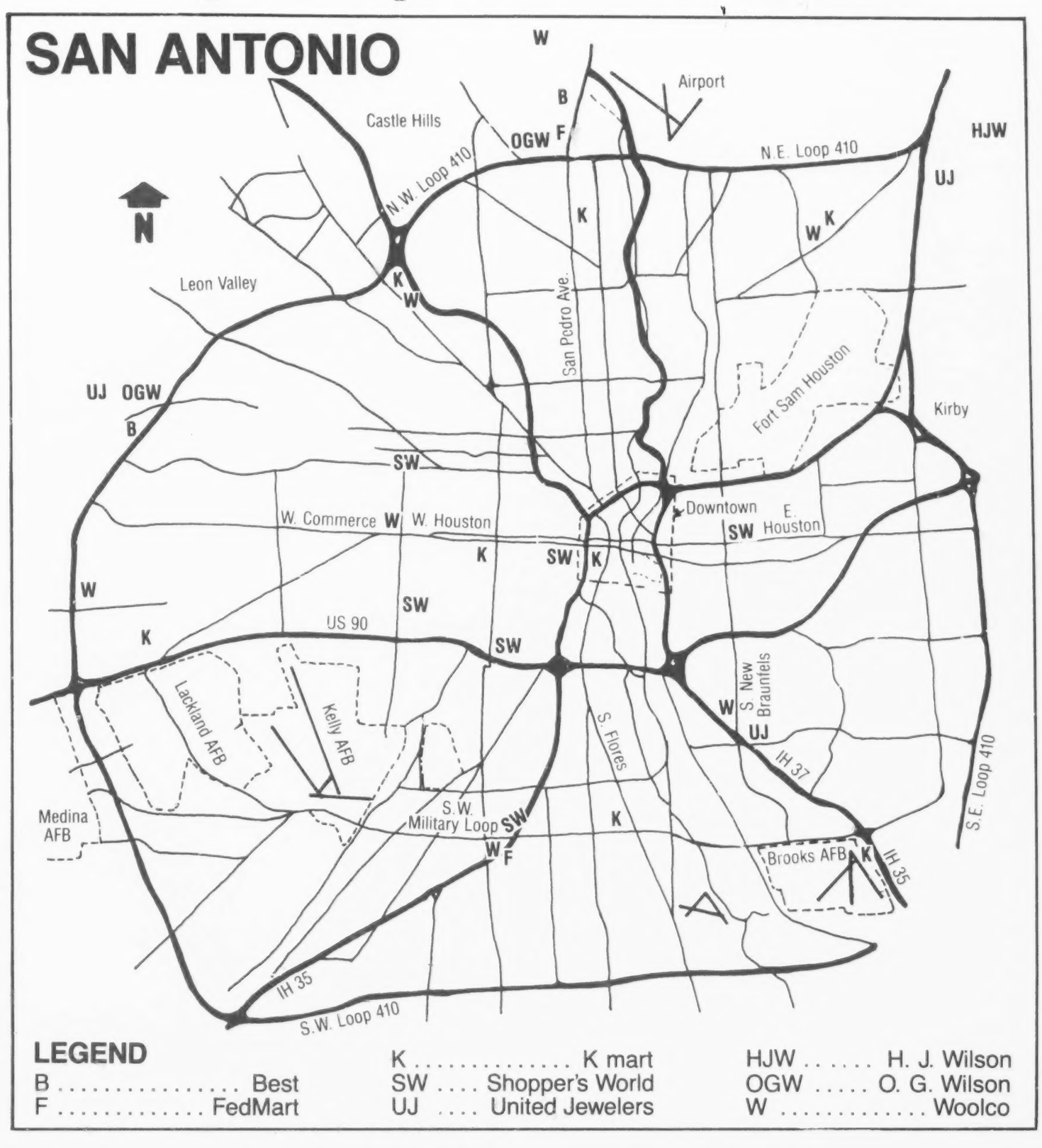
The transient population created by several nearby military bases results in an estimated annual population turnover of 25% here, making advertising critically important. But K mart and Woolco have both recently had declines in ROP space—K mart only about 1% to 33,991 column inches for the first six months of 1981, Woolco a whopping 23% to 46,313 inches. (FedMart, on the other hand, registered a gain of 126% in the same period, as it tried to buy market share.)

Catalogers can also expect a fight for market share between some big chains in San Antonio.

O. G. Wilson entered the market with a 35,000-sq.-ft. showroom about the same time as Best, but failed to follow suit when Best opened its second showroom about 2½ years ago. But O. G. Wilson, now on an expansion program, opened a 60,000-sq.-ft. showroom—an upscaled prototype—in late August, about a half mile from Best's second unit. O. G. Wilson is also now seeking a site for a new, larger showroom to replace its first, 35,000-sq.ft. unit; and the chain wants it near its original location, which is also near the first Best store.

Competition will be further stirred up by the entry of another cataloger, H. J. Wilson, into northeast San Antonio next year.

Harwood Diamond House, another cataloger in the market, has closed some showrooms and reduced others from 30,000 sq. ft. to 3,000 sq. ft., cutting its assortments almost to exclusively jewelry. United Jewelers, another small cataloger in San Antonio, has three limited-assortment showrooms in shopping center locations, and has never been a strong factor in the market.



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Kmart
FedMart*
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SINCE 1926 O.G. Wilson JEWELERS/DISTRIBUTORS

Catalogers Give Discounters Sharp Price Competition

Item	K mart	Woolco	FedMart	Shopper's World	Best	O. G. Wilson	United Jewelers
Coleman 2 mantle lntrn #220	24.99	26.67	24.49	29.99	25.94	27.94	27.88
Coleman 2 mantle lntrn #275	34.97	27.27	29.87	NA	29.67	29.97	32.88
Coleman propane lntrn #5114	26.97	31.77	NA	NA	21.94	22.97	NA
Wilson tennis blls, cn of 3, yel	2.88	2.81	NA	2.99	2.44	2.37	2.49
Wilson Duke Football	NA	NA	NA	NA	15.94	18.97	19.99
Zebco #404 Spin Cast Reel	NA	9.27	7.99	NA	6.87	NA	NA
Wilson B1322 Basketball	NA	10.74	NA	NA	10.94	13.97	11.99
Kodak Colorburst #50	19.95	39.95	19.99	26.99	18.47	29.84	19.93[A]
Kodak Colorburst #250	47.97[B]	69.95[B]	49.99[B]	58.99[B]	44.97[B]	49.97[B]	58.99[B]
Kodak Colorburst #350	74.88	69.88[B]	NA	69.99	NA	NA	64.96
Polaroid One Step	13.00	NA	24.99	NA	19.97	NA	24.88
Polaroid Time Zero One Step	35.87	29.88	26.88	NA	32.97	29.97	48.96
Sorry #390	NA	7.96	7.99	7.99	6.82	7.97	NA
Boggle #104	4.57	5.97	5.99	NA	5.92	6.97	7.99
Life #4000	6.87	8.97	8.99	9.99	7.92	7.47	9.99
Monopoly #9	7.44	6.96	6.99	7.99	5.92	6.97	6.86
Yahtzee E0950	3.96	3.97	2.99	NA	2.94	3.47	3.99
Golden Dream Barbie	NA	10.97	7.99	9.49	6.97	6.97	9.99
Rubbermaid Dishpan #2951	2.93	2.99	2.00	NA	NA	NA	NA
Norelco Coffee Filters/100	NA	1.77	NA	1.29	0.84	0.89	0.94
Corning P-104 Teapot/6 cup	13.56	14.97	10.99	NA	10.74	10.97	13.96
Norelco 10-cup #5160	NA	28.37	19.94	NA	NA	25.88	24.78
Ham Beach 7-spd blndr #722	NA	21.97	NA	23.99	NA	18.97	19.88
Corelle 20-pc Indian summer	43.97	NA	37.99	NA	38.92	44.87	44.88
GE Food Proc FP1/4200	44.94	49.88	44.99	49.99	44.90	45.86	49.88
Mr. Coffee MCS201A	29.87[D]	39.97	NA	NA	33.82	34.97	NA
Rival Can Opener #782/Mq	NA	NA	11.47	NA	12.47	NA	15.39
Water Pik Shwr Msgr Wll Mnt	17.97	20.99	15.87	22.49	15.74	15.97	18.88
Conair Pro Style Dryer #1250	17.94[C]	22.88	17.49	NA	17.70	18.97	19.96
Powerlok Tape 12 ft x 1/2 in	7.77	NA	6.89	NA	5.97	5.67	NA
B&D 3/8 in VSR Drill #7127	24.97	27.99	22.99	NA	19.97	21.47	NA
Stanley Saw 26 in/8 pt #15-355	7.17	7.27	NA	NA	NA	4.77	NA
Elmer's Glue 8 oz	1.44	1.67	0.79	NA	NA	NA	NA
WD 40 9 oz	NA	1.97	NA	NA	1.87	NA	1.99
Armorall 8 oz	1.69	3.27	NA	3.29	2.44	NA	3.29
Champion J12Y Sparkplugs	7.12	8.56	8.69	7.92	NA	NA	NA
Pennzoil 30	0.90	1.06	0.99	1.09	NA	NA	NA
Rain Dance paste	5.97	4.99	4.99	6.39	NA	NA	NA

[A] Advertised sale price; regular price $21.96. [B] Plus $10 manufacturer's rebate. [C] Plus $7 manufacturer's rebate. [D] Plus $5 manufacturer's rebate. NA—Not available.

The San Antonio marketbasket, compiled late last month, shows that the catalogers, particularly Best, are giving the discounters a run for their money. *(Source: DSN Research)*

FedMart Sets Price Pace in H&BA

H&BA items	K mart	Woolco	FedMart	Shopper's World
Listerine 18 oz.	$1.66	$2.08	NA	NA
Listerine 24 oz.	2.27	2.61	NA	$2.19
Listerine 32 oz.	2.34	2.46	$2.47	NA
Listerine 48 oz.	2.97	NA	NA	NA
Oil of Olay 4 oz.	NA	4.24	3.29	4.39
Oil of Olay 6 oz.	3.97	4.57	3.99	5.89
Oil of Olay 2 oz. creme	3.97	NA	3.87	4.89
Crest 6.4 oz.	1.25	1.09	1.25	1.59
Vaseline Int. Care 10 oz.	1.94	1.53	NA	NA
Right Guard 10 oz. Aero	1.97	2.97	2.27	2.99
Contac/20 capsule	2.84	NA	2.39	NA
Noxzema 10 oz. creme	1.53	2.56	1.89	NA
J&J No More Tears 11 oz.	2.58	3.12	2.17	2.99
Cover Girl Liquid 1 oz.	2.33	2.75	2.09	2.49
Anacin 200 (yellow box)	3.66	3.77	1.79	NA
Anacin 50 (yellow box)	1.31	1.99	NA	NA

NA—Not available.

In comparison of five H&BA items found to be common among these four discounters in San Antonio, FedMart was the price leader at $11.77. K mart followed at $12.10, while Woolco ($14.50) and Shopper's World ($15.95) trailed. K mart had the most selection—15 of the 17 items—while Woolco (13) and FedMart (12) came close. Shopper's World had only 8 of the 17 items. *(Source: DSN research)*

Discount Store Census '81/'82

Openings Led by 40,000-49,000-Sq.-Ft. Stores

SQUARE FOOTAGE	Projected 12/31/81		As of 12/31/80		% Change in No. Stores 1981 vs. 1980
	No. of Stores	% of Total	No. of Stores	% of Total	
10,000 to 19,999	634	7.8	626	8.1	+ 1.3
20,000 to 29,999	552	6.8	529	6.8	+ 4.3
30,000 to 39,999	689	8.4	639	8.3	+ 7.8
40,000 to 49,999	985	12.1	898	11.6	+ 9.7
50,000 to 59,999	766	9.4	721	9.3	+ 6.2
60,000 to 69,999	884	10.8	819	10.6	+ 7.9
70,000 to 79,999	605	7.4	558	7.2	+ 8.4
80,000 to 89,999	885	10.8	827	10.7	+ 7.0
90,000 to 99,999	316	3.9	271	3.5	+ 16.7
100,000 to 119,999	1,340	16.4	1,343	17.4	– 0.2
120,000 to 139,999	178	2.2	175	2.3	+ 1.7
140,000 to 149,999	61	0.7	59	0.8	+ 3.4
150,000 to 199,999	187	2.3	189	2.4	– 1.1
200,000 and larger	82	1.0	82	1.1	NC
TOTAL	8,164	100.0	7,736	100.0	+ 5.5

Source: DSN research. NC = No Change

Discounters are holding to their commitment to build smaller stores in the 1980's in an effort to keep a lid on operating costs.

During the last year more 40,000-49,000-sq.-ft. stores were opened—87—than were opened in any other size group. New stores in the 60,000-65,-000-sq.-ft. range ranked second in number of units opened.

In fact, 44% of the industry's 8,164 stores to be in operation by year's end will be smaller than 60,000 sq. ft.

The giant 100,00-119,000-sq.-ft. stores—most of which were built before 1975—account for 16% of the industry's stores, and are steadily losing ground. With The Treasury and Korvettes gone out of business, there was a net loss in that size bracket—despite the fact that some of those units were taken over by other discounters. In addition, chains like Woolco are pulling in the sales floor boundaries of their 100,000-plus-sq.-ft. units and leasing the excess back to the landlord or subletting to their specialty apparel divisions. In Woolco's case, J. Brannam apparel stores have been opening in the pared space.

K mart continues to open stores with its Group 9 designation—in the 50,000-59,000-sq.-ft. range—and Caldor and Zayre, chains founded with 100,000-sq.-ft. stores, have lately preferred units under 80,000 sq. ft. However, two Korvettes takeovers by Caldor and one Community takeover by Zayre indicate that when the timing is right so is a 90,000-100,000-sq.-ft. store.

Wal-Mart, too, is committed to growth on the limited-sales floor plan with new stores in the 45,000-sq.-ft. area and acquisitions—the Big K stores—of a comparable size. (The acquisitions are not a net gain for the industry; the stores were already in operation and therefore accounted for on the size chart.)

Thus, of the industry leaders, only Gemco/Memco, Target and Fred Meyer remain proponents of building new stores 90,000 sq. ft. and larger. (On a shear percentage-gain basis, this size bracket experienced the greatest increase—16.7%—but only 45 new stores will have been added to this bracket by year's end.)

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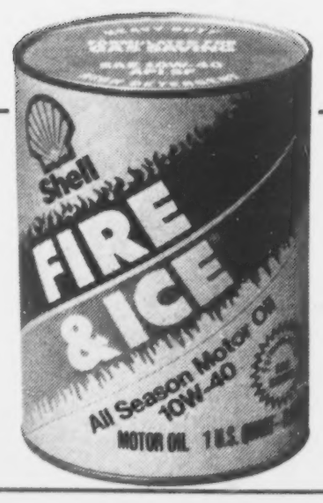
Bob Wills
Automotive Buyer, Maloney's



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Atlanta	Dave McHenry	(404) 955-4720
New York	Steve Jones	(203) 327-3600

Discount Store Census '81/'82

Top Metro Markets' Store Growth Slows to 2.5%

RANK	METRO MARKETS	[b] Proj. No. of Stores Dec. '81	No. of Stores Dec. '80	[b] Proj. Sq. Footage (add 000)	[a] Proj. $ Discount Store Sales (add 000)	[c] Population (add 000)	Density (Sq. Ft. Per person)	[c] No. of Households (add 000)	Effective Buying Income Per Household
1	New York	95	95	6,711	$ 775,657	9,078	0.74	3,512,000	$23,393
2	Los Angeles	131	126	9,241	1,068,653	7,513	1.23	2,754,000	24,782
3	Chicago	182	182	12,854	1,485,665	7,118	1.81	2,514,000	26,936
4	Philadelphia	112	112	7,910	914,238	4,710	1.68	1,653,000	24,739
5	Detroit	70	75	5,000	577,900	4,345	1.15	1,523,000	26,825
6	Boston	110	106	7,385	899,790	3,659	2.13	1,310,000	24,919
7	San Francisco	59	55	4,160	480,813	3,267	1.27	1,299,000	29,568
8	District of Columbia	46	46	3,247	375,288	3,071	1.06	1,129,000	29,659
9	Dallas-Fort Worth	89	81	6,276	725,380	3,024	2.08	1,105,000	25,706
10	Houston	74	69	5,224	603,790	2,977	1.75	1,604,000	27,253
11	Nassau-Suffolk, N.Y.	56	56	3,986	460,702	2,612	1.53	819,000	31,484
12	St. Louis	50	49	3,530	407,997	2,358	1.50	848,000	23,518
13	Pittsburgh	71	71	5,013	579,403	2,254	2.22	834,000	22,116
14	Baltimore	38	38	2,863	310,101	2,181	1.23	768,000	21,796
15	Minneapolis-St. Paul	38	38	2,683	310,042	2,128	1.26	778,000	25,145
16	Atlanta	29	26	2,047	236,592	2,064	0.99	741,000	23,381
17	Anaheim	63	59	4,415	513,753	1,972	2.25	709,000	28,343
18	Newark	41	41	2,895	334,604	1,959	1.48	680,000	28,983
19	San Diego	42	42	2,966	342,810	1,905	1.56	693,000	22,548
20	Cleveland	48	50	3,391	391,932	1,889	1.80	699,000	24,475
21	Miami	40	39	2,823	326,282	1,719	1.64	637,000	21,656
22	Denver	30	28	2,118	244,798	1,649	1.28	628,000	24,323
23	Seattle	41	40	2,896	334,719	1,622	1.79	631,000	23,899
24	Tampa-St. Petersburg	37	35	2,886	332,986	1,605	1.80	659,000	17,491
25	Riverside-San Bernardino	31	29	2,189	253,005	1,593	1.37	568,000	21,397
26	Phoenix	37	33	2,611	301,779	1,560	1.67	570,000	21,465
27	Cincinnati	56	56	3,961	457,812	1,403	2.82	505,000	22,893
28	Milwaukee	50	52	3,542	409,384	1,399	2.53	508,000	24,176
29	Kansas City	41	40	2,895	334,604	1,333	2.17	501,000	25,237
30	San Jose	41	40	2,925	338,072	1,314	2.23	471,000	31,740
31	Portland	34	33	2,451	283,287	1,263	1.94	490,000	20,569
32	Buffalo	38	42	2,681	310,448	1,233	2.18	447,000	21,837
33	New Orleans	53	51	3,740	432,269	1,199	3.11	428,000	23,139
34	Indianapolis	26	26	1,835	212,089	1,171	1.57	425,000	23,145
35	Columbus, Ohio	49	49	3,460	399,907	1,099	3.15	404,000	22,697
36	San Antonio	55	50	3,880	448,450	1,087	3.57	358,000	22,009
37	Hartford	27	27	1,906	220,295	1,051	1.81	376,000	25,957
38	Fort Lauderdale	36	36	2,543	293,919	1,043	2.44	432,000	21,944
39	Sacramento	22	20	1,553	179,495	1,031	1.51	396,000	23,749
40	Rochester, N.Y.	24	26	1,696	196,024	972	1.75	346,000	25,553
41	Salt Lake City	29	29	2,056	237,632	957	2.15	306,000	21,329
42	Memphis	28	23	1,974	228,155	920	2.15	318,000	21,567
43	Louisville	31	30	2,199	254,160	909	2.42	329,000	22,184
44	Providence	27	26	1,906	220,253	868	2.20	315,000	21,684
45	Nashville	51	48	3,609	417,128	862	4.19	309,000	21,724
46	Birmingham	40	38	2,823	326,282	853	3.31	309,000	20,401
47	Oklahoma City	27	26	1,895	219,024	844	2.25	319,000	24,692
48	Greensboro	26	25	1,730	199,953	834	2.07	305,000	20,946
49	Dayton, Ohio	25	25	1,785	206,310	829	2.15	303,000	22,902
50	Norfolk	28	26	1,977	228,502	814	2.43	271,000	21,031

[a]Sales are projected for total sq. ft., including connected supermarkets, expected to be in operation at the end of the calendar year, using industry average sales-per-square-foot figures.

*[b]*DSN *estimates.*
[c]From the 1981 Sales & Marketing Management *survey of buying power.*

Southeast Continues to Lead in Store Population Count

Region	Proj. No. Disc. Stores Dec. '81	No. Disc. Stores Dec. '80	No. Disc. Stores Dec. '79	% Gain 1981	Proj. Sq. Footage Dec. '81 (add 000)	Sq. Ft. Dec. '80 (add 000)	Sq. Ft. Dec. '79 (Add 000)	% Gain 1981
SOUTHEAST Ala., Fla., Ga., Ky., Miss., N.C., S.C., Tenn., Va., W. Va.	1,740	1,595	1,437	9.1	117,841	107,680	96,517	9.4
EAST CENTRAL Ill., Ind., Mich., Ohio, Wis.	1,593	1,541	1,485	3.4	117,586	113,918	110,198	3.2
MIDDLE ATLANTIC D.C., Del., Md., N.J., N.Y., Pa.	1,249	1,216	1,182	2.7	99,757	97,361	95,047	2.5
SOUTHWEST Ariz., Ark., La., N.M., Okla., Tex.	1,242	1,143	1,034	8.7	76,651	69,664	63,471	10.0
WEST CENTRAL Iowa, Kan., Minn., Mo., Neb., S.D., N.D.	770	723	678	6.5	52,443	49,132	45,966	6.7
PACIFIC Alaska, Calif., Hawaii, Ore., Wash.	707	687	658	2.9	52,856	51,446	49,400	2.7
NEW ENGLAND Conn., Me., Mass., N.H., R.I., Vt.	622	602	575	3.3	42,215	40,804	38,904	3.5
MOUNTAIN Colo., Idaho, Mont., Nev., Utah, Wyo.	241	229	217	5.2	15,507	14,661	13,819	5.8

For the second year in a row, the Southeastern States led the industry with the highest concentration of discount stores: 1,740.

Until last year, the East Central States—Illinois, Indiana, Michigan, Ohio and Wisconsin—had held the lead. But these states, in addition to being hurt by layoffs in the automobile and steel industries, are also close to being overstored. Thus, except for the filling in of a market here and there, discounters have preferred to focus their attention on the warm weather markets of the Sunbelt.

This Year's Schedule

Unit growth in the Southeast—145 stores or 9.1% ahead of last year—was nearly matched by growth in the Southwestern States, with discounters adding 99 more stores in that six-state region since last year.

Unit gain in the East Central region has been slipping steadily for the past three years: In 1979, 87 new units opened; in 1980, that number had dwindled to 56, and this year 52 new stores opened in the five-state region.

Fewer Units

Elsewhere in the country, the gains were smaller.

Thirty-three new stores went up in the Middle Atlantic States, including new stores by Jamesway, Murphy's Mart and Roses, giving the area a unit count of 1,249.

In New England, discounters opened 20 new stores during the last year to give them 602 units.

More Stores

On the West Coast, the Mountain States—Colorado, Idaho, Montana, Nevada, Utah and Wyoming—netted an additional 12 states—while the Pacific States netted 20 new stores, thanks to construction by Fred Meyer, Gemco/Memco and Payless.

In the Snowbelt, new-unit gains also picked up this year, with 47 new stores opened as compared to 45 in 1980. Total store count for the seven states—Iowa, Kansas, Minnesota, Missouri, Nebraska, South Dakota and North Dakota—will be 723 by the end of this year.

We show you the newest ideas in product. Here's the newest idea in packaging.

It's called Daiwa's "Custom Pre-pack." And the idea works like this:

If you want to order certain rods and reels in combo, we'll

put them together, package, and deliver them just the way you want to display them.*

All you do is take the perfectly matched rod and reel out of the box and it's ready to sell. And selling rods and reels that match makes for happy customers.

Daiwa's Custom Pre-pack doesn't cost you anything extra. It's just an extra service that benefits both of us.

Because if we can save you some time in the back room, you'll have more time to spend selling our new ideas.

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NUMBER 1 IN THE WORLD • BY DESIGN
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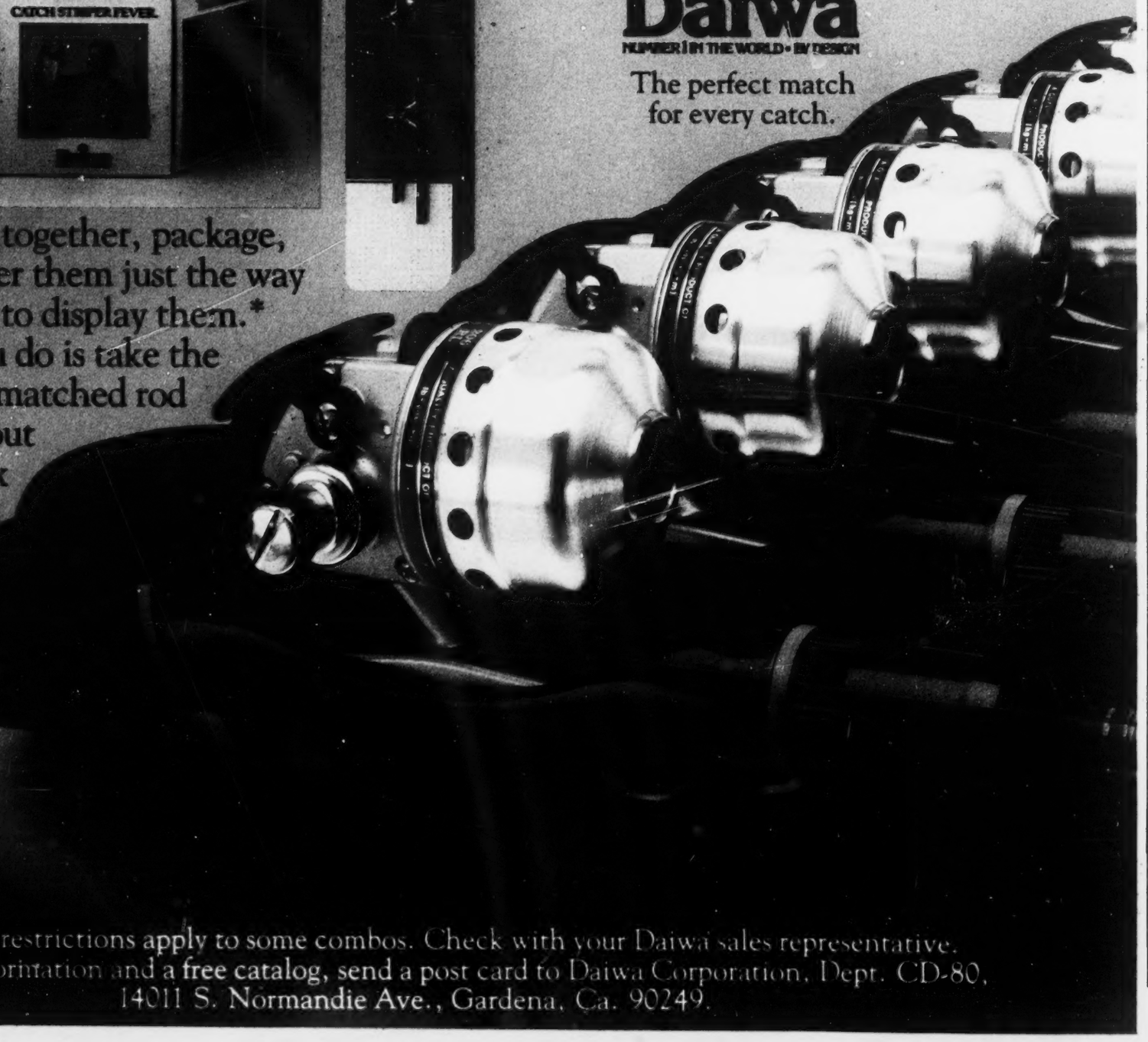

*Quantity restrictions apply to some combos. Check with your Daiwa sales representative.
For more information and a free catalog, send a post card to Daiwa Corporation, Dept. CD-80, 14011 S. Normandie Ave., Gardena, Ca. 90249.

Discount Store Census '81/'82

Discountland: 20-Year Record of Sales, Store Growth

YEAR	TOTAL SALES IN BILLIONS	TOTAL STORES	NET GAIN OF STORES	TOTAL SQ. FT. IN MILLIONS	DOLLARS PER SQ. FT.	AVG. SALES PER STORE IN MILLIONS	AVG. STORE SIZE IN THOUSANDS OF SQ. FT.
1981	$66.60	8,164	428	576	$115.58	$8.15	70.58
1980	60.50	7,736	470	546	110.79	7.82	70.60
1979	55.00	7,266	375	513	107.15	7.57	70.60
1978	50.00	6,891	353	490	101.95	7.26	71.11
1977	47.00	6,538	396	468	100.00	7.19	71.58
1976	44.00	6,142	606	442	99.00	7.16	71.96
1975	38.00	5,536	126	399	95.00	6.86	72.07
1974 (a)	34.40	5,410	448	389	88.00	6.40	71.90
1973	31.50	4,962	248	350	88.32	6.27	70.54
1972	28.15	4,720	376	344	81.83	5.96	72.88
1971	25.60	4,344	333	306	83.66	5.89	70.44
1970	22.50	4,011	398	276	81.52	5.61	68.81
1969	18.44	3,613	306	244	75.57	5.10	67.53
1968	16.35	3,307	302	222	73.64	4.94	67.13
1967	13.61	3,005	321	199	68.39	4.53	66.22
1966	11.51	2,684	236	171	67.30	4.29	63.71
1965	9.82	2,448	219	151	65.00	4.01	61.68
1964	8.46	2,229	60	136	62.20	3.79	61.01
1963	7.51	2,169	144	122	61.55	3.46	56.25
1962	6.00	2,025	—	107	56.00	2.96	52.84

(a) Reflects 18-month period ended Dec. 31, 1974. *(Source: DSN Research)*

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Counter merchandiser takes less than 1 sq. ft. of space. Holds 6 each of the complete Century line. Builds impulse sales and profits.

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Discount Store Census '81/'82

Department Takeover Continues to Gain

MAJOR DEPARTMENTS	% OPERATED BY STORE	% LEASED
HOUSEWARES	96	4
LADIES'	96	4
MEN'S-BOYS'	94	6
INFANTS'-CHILDREN'S	88	12
SPORTING GOODS	96	4
HARDWARE	95	5
TOYS	97	3
DRUGS	96	4
LINENS-DOMESTICS	94	6
JEWELRY	80	20
SHOES	61	39
GARDEN-PATIO	94	6
RECORDS	93	7
CAMERA	92	8
AUTO ACCESSORIES	94	6
STATIONERY	96	4
TBA	81	19
PAINT	92	8

Source: DSN Research

Shoes is one of the last departments where lessees are still a major factor, operating 43% of discounter shoe departments, as shown in Cook's, N. Syracuse, N.Y. *(DSN photo)*

Lessees continued to be important factors in jewelry, shoes, and TBA (tires, batteries and accessories) departments during the last year, but everywhere else in their stores discounters went on reclaiming the operation of their departments.

In 14 of the 18 major departments generally found in discount stores, discounters now control more than 90% of the departments. The exceptions: infants' wear, shoes, jewelry and TBA departments.

Renewed Efforts

But, discounters have been steadily chipping away at lessees' hold on TBA departments. In the past three years, discounters have increased their control over these labor-intensive areas by 10 percentage points so that today they operate 81% of the departments.

Only a few short years ago discounters viewed the business—which is a boon to store traffic—as too specialized to be handled by headquarters. With today's economy and resultant profit squeeze, however, discounters are taking control—with little interruption of service.

Stronger Impact

The most sizable reclamation gains in the last year were made in the men's and boys' wear department. Discounters now operate 94% of those departments, as compared to 89% a year ago.

In infants' wear, discounters increased their operational control over the broad-margined department by two percentage points, giving them control of 88% of the departments.

DORCY'S CUSTOM PRODUCT SELECTION GIVES YOU THE BEST MIX FOR A BIGGER BITE OF THE BICYCLE ACCESSORY PROFITS.

There are 216 bicycle accessories in the Dorcy line. But they're not all pedigreed to sell in equal volume in every store. In fact, the top 40 of them account for 75 percent of the business when integrated in a Dorcy custom Plan-O-Gram.

The mix depends on your store set-up and where you are. What sells best in New York doesn't necessarily sell best in San Francisco.

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DORCY

Tracor to Get Twin Fair's Aerospace Arm

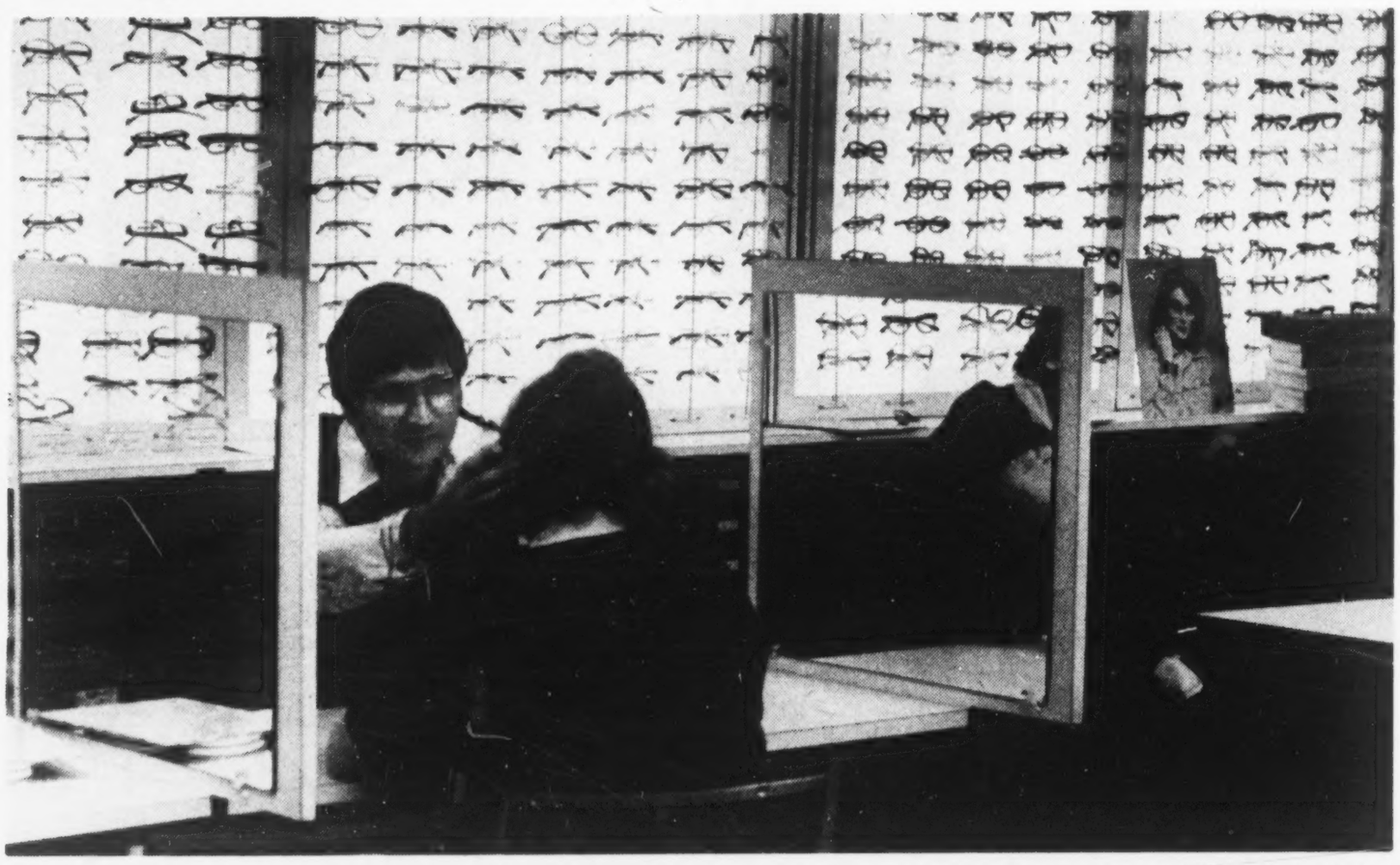
BUFFALO—Twin Fair has executed a definitive contract with Tracor, under which Tracor will acquire Aero Spacelines, a subsidiary of Twin Fair. The acquisition price was $9 million in cash.

Twin Fair's chairman, Harold A. Egan Jr., said that the sale will result in a gain for the company. Last year, aerospace operations were responsible for $19 million of Twin Fair's $249 million in total sales.

The sale of Aero Spacelines leaves Twin Fair with 16 discount and six department stores, which are also reportedly for sale, *DSN* learned at presstime.

Discount Store Census '81/'82

Legal, Medical, Dental Clinics Sprout



Optometry departments won more floor space in discount stores during the last year with 34% of the industry's chains—13% more than a year earlier—installing the specialty departments in their stores.

SPECIALTY DEPARTMENTS OR SECTIONS IN DEPARTMENTS	% OF CHAINS WITH THESE DEPTS.	% OPERATED BY STORE	% LEASED
TBA	37.7	80	20
APPLIANCES-TV	98.5	87	13
LUGGAGE	92.1	98	2
SNACK BAR	56.1	72	28
FURNITURE	69.5	98	2
CANDY	77.1	98	2
SUPERMARKET (a)	31.1	38	62
FLOOR COVERINGS	54.1	98	2
TOBACCO SHOP	69.8	96	4
GIFTS	57.5	99	1
PET	47.5	93	7
PHARMACY	39.9	84	16
LIQUOR	8.9	91	9
OPTOMETRIST	34.1	77	23
BEAUTY SALON	22.4	3	97
LEGAL CLINIC	5.1	—	100
MEDICAL/DENTAL CLINIC	6.4	—	100

(a) Includes only same-roof departments. Also includes some 4,000-sq.-ft. to 10,000-sq.-ft. departments.

Source: DSN *Research*

Legal, medical and dental clinics are the new kids on the specialty department block.

Like their predecessors—pharmacies, optical departments, and TBA (tire, battery and auto accessories) shops—medical, dental and legal clinics are opening under discounter roofs, installed by the chains to help build traffic.

In the past few years, the number of discounters adding the clinics—with their priced-right services—has grown until today roughly 6% of the industry has medical and/or dental clinics operating in their stores. Five per cent of the industry have rented space out to legal clinics, who are also offering shoppers no-frill services.

On the East Coast, for example, Jamesway and Times Square Stores lease out store space to dental centers (TSS also has an in-store legal clinic which buys extensive radio time in the Greater New York City market) and on the West Coast Fred Meyer does the same.

Other chains, including K mart, are investigating the clinics' feasibility.

In the last year, optometry departments have also gained a stronger foothold in discount chains, with 34% of the industry's chains putting the department on their sales floors, up from 30% a year ago. More than three-quarters of the departments in operation today are run by the chains themselves. (In medical, dental and legal clinics, the lessees generally operate the clinics and pay the chains a rental fee.)

Pharmacies remain a key discounter specialty/service area represented in 40% of the chains in the industry. But, at least one chain, Target, found that the departments did not add to its traffic count and closed out the pharmacies in all but its Minneapolis stores.

Gift shops also increased their presence in discount stores, by 15% in the last year, and are now found in almost 60% of the industry's chains. This growth is further evidence of discounter determination to increase their one-stop shopping capabilities and to strengthen their fashion image in the marketplace.

On the down side, discounters began shying away from supermarkets and floor coverings departments. Thirty-one per cent of the chains have supermarkets under roof, compared to 33% a year ago.

SAVE A FEW THOUSAND DOLLARS WITH GE's FREE LIGHTING ENERGY AUDIT.

General Electric Watt-Miser® II fluorescents and other GE energy-efficient light bulbs saved a bank in Maryland $2,000 a year, saved JCPenney $19,000 a year *in one sto* nd saved Sloan's $24 *a fixture* in its 41 superm ts, or nearly a half a million dollars a year.

Many other GE customers are saving thousands of dollars just by replacing the standard lighting products in their existing fixtures. That's why lighting energy savings offer one of the *quickest paybacks* of any energy saving you can make, with no capital investment.

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When you do, you'll receive a *personalized* computer-generated analysis of potential savings and other benefits when using GE energy-efficient lamps.

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		Now in use	Total Number	Lighting hours per week
	Standard Fluorescents			
12	4' F40/RS			
20	8' F96			
28	8' F96HO			
36	8' F961500MA			
	Recessed Downlight Floods			
44	75R30/FL			
52	150R/FL			
	Incandescent Bulbs			
60	60 Watt			
68	100 Watt			
	PAR-Lamps			
76	150PAR/FL			
84	150PAR/SP			
	Mercury			
92	400 Watt			

	Ballast	Now in use	Total Number	
	4' F40/RS			100
	8' F96			105
	8' F96HO			110
	8' F961500MA			115

My energy rate is $ ___ . ___ per kilowatt hour 120
(Divide total dollars from your last bill by total kilowatt hours used.)

Please send the savings analysis to:

Name _____ 124
Company _____ 159
Address _____ 194
City _____ State _____ 229
Zip Code _____ 264
Phone _____ 269

☐ Please have someone come out and help me fill out this form. 294

295

Discount Store Census '81/'82

How Discount Stores Stack Up, State by State

STATES	Proj. No. of Stores Dec. '81	No. of Stores Dec. '80	Proj. Square Footage Dec. '81 (Add 000)	Square Footage Dec. '80 (Add 000)	Density (Square Foot Per Person)	Projected Net Gain 1981		*Projected 1981 Discount Store Sales		**Total Retail Sales (Add 000)	Per Cent Of Total Retail Sales
						No. Stores	Footage (Add 000)	Including Supermarkets (Add 000)	General Merchandise Only (Add 000)		
Alabama	190	168	10,791	9,238	2.75	22	1,552	$1,247,225	$1,144,227	$14,146,775	8.1
Alaska	3	3	240	240	0.59	0	0	2,773	2,545	2,295,107	1.1
Arizona	95	84	7,110	6,334	2.53	11	776	821,773	753,944	10,746,119	7.0
Arkansas	211	181	10,152	8,035	4.39	30	2,117	1,173,368	1,076,518	8,851,973	12.2
California	511	496	39,595	38,537	1.65	15	1,058	4,576,390	4,198,653	108,154,389	3.9
Colorado	91	87	6,187	5,905	2.10	4	282	715,093	656,069	13,586,794	4.8
Connecticut	164	156	12,284	11,720	3.95	8	564	1,419,784	1,302,595	12,611,711	10.3
Delaware	26	25	1,960	1,891	3.27	1	71	226,536	207,838	2,709,052	7.7
DC	4	4	298	298	0.47	0	0	344,420	315,999	2,410,079	13.1
Florida	260	245	21,902	20,850	2.19	15	1,058	2,532,126	2,323,124	47,387,758	4.9
Georgia	173	153	14,990	13,579	2.71	20	1,411	1,732,544	1,589,539	22,073,227	7.2
Hawaii	21	21	1,085	1,085	1.11	0	0	125,404	115,053	4,518,261	2.5
Idaho	28	26	1,610	1,470	1.67	2	141	186,083	170,724	3,967,723	4.3
Illinois	357	344	25,846	24,929	2.25	13	917	2,987,280	2,740,709	48,060,409	5.7
Indiana	279	267	18,731	17,885	3.40	12	847	2,164,928	1,986,235	21,541,075	9.2
Iowa	129	124	7,873	7,520	2.69	5	350	909,961	834,852	12,963,454	6.4
Kansas	139	126	8,155	7,238	3.43	13	917	942,554	864,756	10,310,072	8.4
Kentucky	170	162	10,352	9,788	2.79	8	564	1,196,484	1,097,726	14,527,730	7.6
Louisiana	175	163	9,617	8,770	2.26	12	847	1,111,532	1,019,786	16,071,506	6.3
Maine	50	50	2,870	2,870	2.53	0	0	331,714	304,334	4,578,088	6.6
Maryland	113	110	8,660	8,450	2.04	3	210	1,000,922	918,306	19,567,229	4.7
Massachusetts	266	258	17,642	17,078	3.07	8	564	2,039,062	1,870,757	25,189,689	7.4
Michigan	250	241	20,927	20,292	2.25	9	635	2,418,742	2,219,099	40,545,384	5.5
Minnesota	137	130	8,746	8,252	2.13	7	496	1,010,862	927,425	18,053,915	5.1
Mississippi	130	113	6,530	5,330	2.57	17	1,200	754,737	692,441	8,237,675	8.4
Missouri	206	194	19,753	18,906	3.99	12	847	2,283,051	2,094,608	20,751,534	10.1
Montana	21	20	1,249	1,178	1.57	1	71	144,359	132,443	3,661,086	3.6
Nebraska	93	87	5,003	4,580	3.17	6	423	578,246	530,518	6,770,314	7.8
Nevada	33	33	2,450	2,450	2.98	0	0	283,171	259,798	4,515,475	5.8
New Hampshire	72	70	4,351	4,210	4.65	2	141	502,888	461,380	4,225,429	10.9
New Jersey	213	206	20,078	19,584	2.73	7	494	2,320,615	2,129,071	31,761,939	6.7
New Mexico	81	71	4,664	3,957	3.52	10	706	539,065	494,570	5,576,939	8.9
New York	451	442	37,608	36,973	2.15	9	637	4,346,732	3,987,952	68,385,105	5.8
North Carolina	196	179	13,233	12,033	2.23	17	1,200	1,529,470	1,403,227	21,567,399	6.5
North Dakota	33	31	1,598	1,457	2.43	2	141	184,696	169,451	3,072,873	5.5
Ohio	562	551	40,896	40,120	3.78	11	776	4,721,759	4,336,611	44,742,092	9.7
Oklahoma	147	137	8,302	7,597	2.71	10	704	959,545	880,344	13,488,260	6.5
Oregon	90	87	5,793	5,583	2.16	3	210	669,554	614,289	13,186,279	4.7
Pennsylvania	442	428	31,153	30,165	2.62	14	988	3,600,663	3,303,464	46,622,536	7.1
Rhode Island	39	38	3,293	3,222	3.47	1	70	380,604	349,189	3,326,007	10.5
South Carolina	121	106	7,739	6,681	2.45	15	1,059	894,473	820,643	11,509,199	7.1
South Dakota	33	31	1,320	1,179	1.90	2	140	152,565	139,972	3,063,236	4.6
Tennessee	186	172	10,900	9,912	2.35	14	987	1,259,822	1,155,836	17,373,431	6.6
Texas	533	507	36,806	34,971	2.54	26	1,835	4,254,037	3,902,908	70,030,240	5.6
Utah	40	37	2,663	2,451	1.78	3	210	307,789	282,384	5,453,214	5.2
Vermont	31	30	1,775	1,704	3.43	1	70	205,154	188,221	1,998,674	9.4
Virginia	196	186	14,453	13,747	2.68	10	706	1,670,477	1,532,596	23,485,690	6.5
Washington	82	80	6,143	6,001	1.47	2	140	710,007	651,403	18,860,080	3.5
West Virginia	118	112	6,945	6,522	3.53	6	423	802,703	736,447	7,660,829	9.6
Wisconsin	145	138	11,186	10,692	2.36	7	495	1,292,877	1,186,163	18,958,616	6.3
Wyoming	28	26	1,348	1,207	2.79	2	140	155,801	142,941	2,593,995	5.5

** DSN estimates based on average volume per square foot, and projected square feet for the calendar year.*

*** Total retail sales are taken from the 1981* Sales & Marketing Management *survey of buying power.*

Discount Store Census '81/'82

Compatible Marking Methods Make Progress

Discount stores are closely monitoring the growing number of manufacturers that are marking hard goods and soft lines in both the Universal Product Code (UPC) and Universal Vendor Marking (UVM) systems, thereby further advancing the retail industry's goal of compatible use of both marking methods.

Individual chains, however, are conducting their own tests of systems, with Roses, for example, experimenting with its own version of UVM, while Wal-Mart is the leading exponent of UPC.

UPC-UVM marked goods have become widespread in the records and paperback book areas, and compatible use of both systems is growing in such hard lines categories as hardware, toys and games, and kitchen gadgets.

In the soft goods area, UVM is the favored marking method, particularly for apparel and accessories where extensive information including size, style and color is important.

UPC's use in the soft goods field is most evident on small, packaged items such as hosiery that are merchandised by supermarkets and drug stores in addition to discount stores and conventional department stores.

UPC, which is the older system and is extensively used by supermarkets, employs a bar code to identify goods, with a laser scanner built into a checkout station used to read the UPC.

UVM, which was developed through the voluntary efforts of general merchandise retailers and manufacturers, spearheaded by the National Retail Merchants Association, uses human-readable Optical Character Recognition type called OCR-A. Cashiers can read the type and key in the information or else use wand readers attached to electronic terminals.

Still Developing

A checkout laser scanner has been developed to read UVM, and the equipment is now being used in Germany and is due to be marketed in the United States next year.

The checkout scanners offer faster reading of UVM, as a marked item has to be passed over the laser beam reader just once, compared with the double pass used for wand readers or the even more time-consuming manual keying in of information.

UVM, unlike UPC, can also be used to identify store personnel as a security step that would have only authorized personnel perform specific functions or gain access to designated areas or equipment.

A number of manufacturers of plastic badges have developed holders that will facilitate wand reading of such tags. The badge has a lip at the bottom that serves as a track to guide the wand reader pass the employe's coded identification number.

As for compatibility of both marking systems, the key breakthrough was the development of typeface specifications that allowed the substitution of up to two lines of UVM/OCR-A for the one line of human-readable numbers that are a standard part of the UPC's bar code. This was done without altering the size or configuration of the UPC.

Development of checkout scanners that read UVM could boost that marking system's attractiveness, due to the faster capture of information.

UPC advocates had contended that passing such marked goods over a checkout scanner offers faster customer service and increases cashier productivity than the use of hand-held wand readers for UVM-identified items.

UVM proponents assert that this marking system is better for general merchandise retailers because it offers up to eight lines of information including the price, with all the alphanumeric characters human readable. UPC's bar code provides only up to 10 characters of information.

Discounters and other retailers have to decide which marking system to use because only electronic cash registers are now being produced and this equipment is at its most productive when it is used to capture a complete range of merchandise information rather than just the department classification and price of the item being sold.

New Strategy

K mart, for example, is developing KIN, an acronym for K mart Information Network, for the electronic registers that the discounter is now using. KIN currently reports department sales information in the merchandise area, but the discounter is testing a system that will provide a broad range of information, including item movement and current inventory by store.

Roses, meanwhile, is already capturing merchandise information for about 90% of its mix, using OCR-A on a modified UVM designed just for the discounter. Small, prepriced packaged items such as chewing gum, motor oil and thread aren't marked.

Roses' UVM has four lines on tags used for soft goods and three lines on labels attached to hard lines.

Key to Roses' modification of the basic UVM format is its use of the sku number. In Roses' case, the five-digit number is the code for an item and its specific style, size and color. The same item in a different size and/or color gets a different sku.

The discounter's main computer randomly assigns an sku number to each item, so that a dress in a specific style, size and color won't have an sku number in sequence with the same style but in another size or color.

This number arrangement provides flexibility in that a specific color or size can be dropped without causing any renumbering of that same item in different sizes and colors.

Once an item is dropped from the mix, the sku number is canceled and can't be used again for at least 90 days, by which time the discontinued product is expected to be cleared from all stores.

Adding It Up

Roses had 18 stores with IBM 3680 terminals and wands used to read its modified UVM tickets.

The discounter prints the tickets for wearables centrally and includes these tickets with the order sent to stores which physically attach the tags.

Stores print the labels for hard lines and the tickets for other apparel such as hosiery.

(Continued on page 124)

OUR FASTEST-MOVING PARTS. FREE.

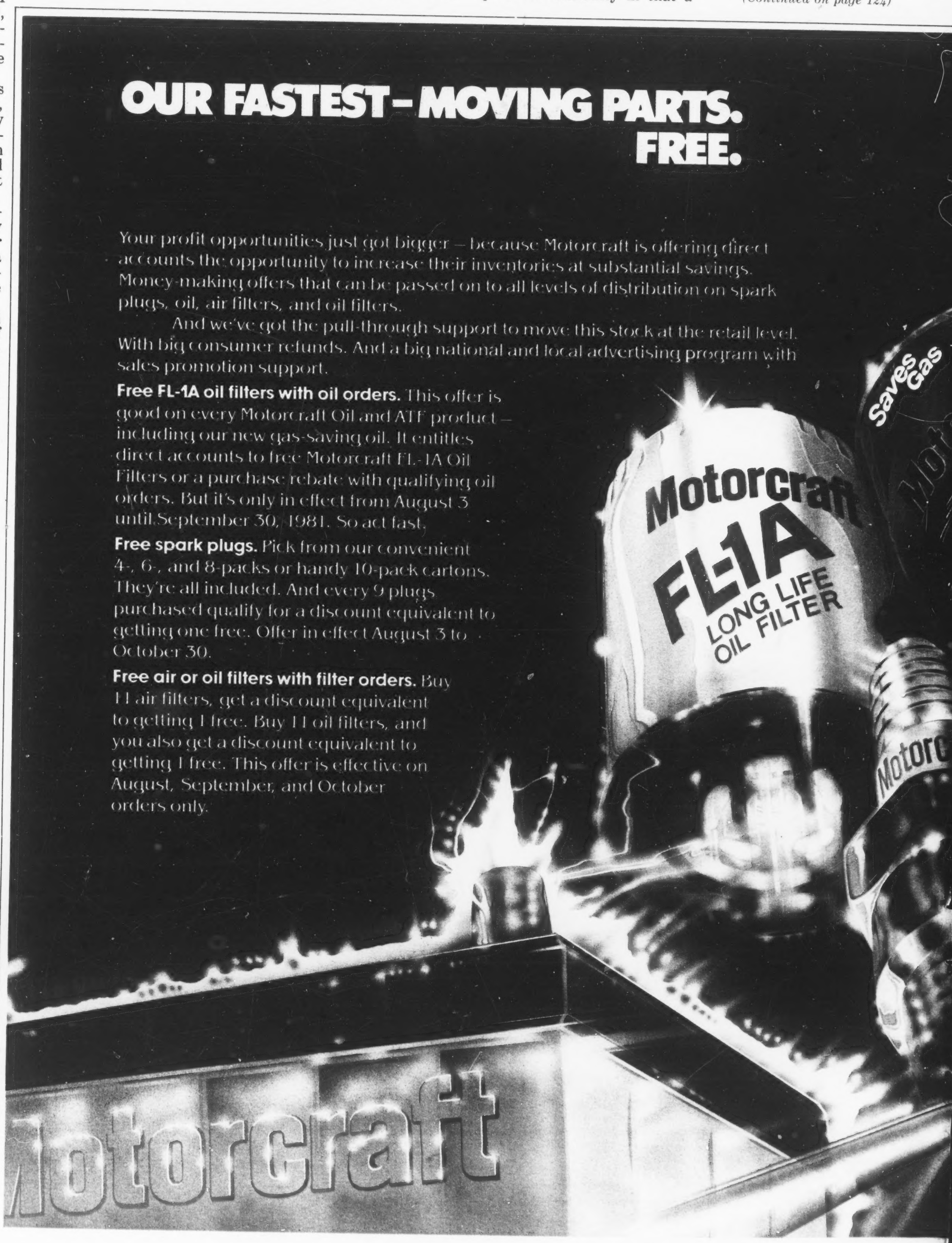
Your profit opportunities just got bigger — because Motorcraft is offering direct accounts the opportunity to increase their inventories at substantial savings. Money-making offers that can be passed on to all levels of distribution on spark plugs, oil, air filters, and oil filters.

And we've got the pull-through support to move this stock at the retail level. With big consumer refunds. And a big national and local advertising program with sales promotion support.

Free FL-1A oil filters with oil orders. This offer is good on every Motorcraft Oil and ATF product — including our new gas-saving oil. It entitles direct accounts to free Motorcraft FL-1A Oil Filters or a purchase rebate with qualifying oil orders. But it's only in effect from August 3 until September 30, 1981. So act fast.

Free spark plugs. Pick from our convenient 4-, 6-, and 8-packs or handy 10-pack cartons. They're all included. And every 9 plugs purchased qualify for a discount equivalent to getting one free. Offer in effect August 3 to October 30.

Free air or oil filters with filter orders. Buy 11 air filters, get a discount equivalent to getting 1 free. Buy 11 oil filters, and you also get a discount equivalent to getting 1 free. This offer is effective on August, September, and October orders only.



Discount Store Census '81/'82

Woolco, Heck's, Murphy's Mart Change Ad Formats

Pinched by a still-soft economy and production costs which are up 15% from a year ago, discounters are making major changes in ad presentations as the second half of the year gets under way.

Headlining the list is Woolco, which will be dropping its circulars completely in favor of larger standard-section ads, slightly smaller than full newspaper-sized broadsheets.

"We have made a major change for the balance of 1981 and every month thereafter," said a spokesman at the chain, "though you won't see the change until October. We have changed our layout, our look and the number of items used. The 16-page tabloid of a year ago will equal an eight-page standard section now."

Woolco has been testing its new ad format at one store location in preparation for the change. By standardizing size, layout and graphics in its ads, Woolco hopes to "re-establish credibility with the customer through consistency in our advertising," the spokesman said.

New Variation

While a broadsheet contains 2,400 lines of space and a smaller standard section would be 1,800 lines, Woolco's sizing will be between 1,800 and 2,000 lines. Frequency will be the same as for the chain's tabloid usage, 52 per year. Ninety to 95 items will be featured in each ad, though tabloid ads in the past featured 125 or more items.

"I would say reduction in the number of items in our ads is 30%. We are looking for high impact from a few consumable items. We will also be exposing more departments in our advertising, particularly departments that we are trying to build, such as domestics and ladies' and men's wear," the Woolco spokesman said.

Target's consistency in ad presentation is close to what Woolco is aiming for, the Woolco spokesman said, although K mart's recent oversize ad in a long, thin shape was "narrower than we will go with our standard sections."

Another move away from circulars—scaled down in size rather than up—has been planned at Heck's. The chain decided to drop its circulars completely beginning this month, and run catabooks instead.

"We are moving to catabooks for the remainder of this year, and that is our plan for 1982 as well," said a spokesman at the chain. "We changed because when we ran a catabook we saw healthy increases year to year, but when we ran tabloids, the increases were not as healthy."

Initial Offering

Heck's used its new format for the first time this month, direct-mailing a 96-page catabook. It replaced a 20-page tab.

"We are trying to keep the number of items featured constant—the September catabook has 200 to 240 items—and the length of the sale period," the Heck's spokesman said. "The sale period is still one week long, but we find that the book lasts in the home longer [than a circular]."

The Heck's catabooks will be run once a month. Production and delivery costs are about 20% more than for a tabloid, "but the return we get from a book is greater, so the cost remains the same as a percentage of sales," the spokesman said.

The chain is uncertain if the catabooks will affect ROP advertising; it is possible that an occasional ROP ad will be replaced by a tabloid. An advertising spokesman at the chain said his main worry was that constant promotion via catabooks may result in overkill, reducing the effectiveness of the technique.

Another Consideration

Another change in standard tabloid advertising occurred recently at Murphy's Mart, where the size of its circulars was shaved from a 25-in. width to a 22-in. width. This was done last month, to save on paper costs.

A spokesman at T.G. & Y. indicated that similar changes are in the offing at that chain: "We have had major cost increases in paper and ink. We have already made some internal changes to control ink use, and we are getting ready to do some creative things to reduce paper costs—a size change that will not be noticeable to the consumer. But this will not be done until mid-1982."

Different Strategy

Frequency and mix of advertising have been changing this year at Murphy's Mart and T.G. & Y. Murphy's Mart stepped up its tabloid frequency by an additional three preprints, to 51 a year. The chain has also been gradually moving to more use of four-color advertising.

"We used four-color on three more circulars this year," said a spokesman at Murphy's Mart. "We now run 25 four-color tabs a year, and an additional four to six tabs are combinations, with a four-color wrap and black and white inside. We are also running slightly fewer items in our promotions, as we have seen K mart doing. With the increase in circulars, we cut back on ROP advertising because we don't need it."

An increase in color usage was pegged at 20% for 1981 by the Murphy's Mart spokesman. The company is in the midst of expanding its program to produce its own advertising—hiring models and doing its own photography.

Major Changes

T.G. & Y.'s major change this year was in electronic advertising. A change in advertising firms gave the chain better quality production in its electronic ads, a spokesman at the chain said, but the big change was a move to include institutional advertising along with item and price ads. Co-op dollar usage is reportedly up 29% from a year ago at T.G. & Y.

Other industry changes this year include a stronger advertising push by Danners, which increased its ad budget for the year by 30%, fueling much of this through co-op ad dollars from vendors. Tabloid size and frequency were increased, while ROP advertising was cut back.

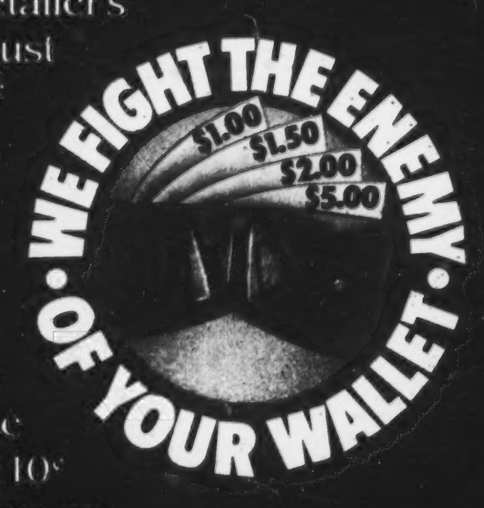
Venture, FedMart and Magic Mart of Arkansas all developed new theme-oriented advertising during the year. K mart and Zayre continued strong rebate programs, while Gold Circle tried out an instant cash rebate program.

PLUS THE BIGGEST REFUND PROGRAM WE'VE EVER OFFERED TO MOVE THEM EVEN FASTER.

Free consumer refund promotion. To help move these fast moving products even faster, Motorcraft will offer retail customers a pull-through promotion of up to $9.50 in refunds from September through November. We'll be giving $1.00 refunds on oil filters. $1.50 on 5 quarts of oil. Up to $2.00 (25¢ each) on spark plugs. And $5.00 on batteries. And since this is a manufacturer refund, there are no coupons for retail outlets to redeem. Retailers' money is not tied up. We handle all refunds.

Free advertising support. We'll be telling consumers how Motorcraft refunds help "Fight the enemy of their wallets" in national magazine, radio, and television advertising. And we'll help close the sale at the retail level by supplying free posters, counter cards, and refund coupons to all outlets that want to be part of this money-saving program.

Free co-op advertising funds. We'll help retail outlets promote our money-saving refund offer and their Motorcraft products by paying 100% of all local advertising costs. Each retailer's funds will be based on August purchases at the rate of 3¢ for every spark plug, 6¢ for every oil filter, and 50¢ for every battery. And the 100% oil co-op program earns funds even faster. Because there's a big 10¢ per gallon bonus on August and September oil and ATF orders. This is the biggest sales incentive and consumer refund program of its kind we've ever offered. See your participating Motorcraft Supplier for complete program details and benefits. Don't miss it.



Motorcraft

Discount Store Census '81/'82

Promo Push Propelling K mart to Expected $16.3 Billion Year

TROY, Mich.—K mart's renewed (in 1981) promotional push, which helped propel the chain to a $7.4 billion first half, will continue for the rest of the fiscal year, according to a K mart executive.

The chain is expected to produce sales of $16.3 billion in its 2,000-plus United States and Canada K marts.

That's a gain of approximately 14% for the chain, which has concentrated in recent months on remodeling as many stores as possible—the total is now over 200—and opening fewer, though 175 are expected to open in calendar 1981. By year's end, K mart should have 2,055 K marts in the United States and Canada, and more than 120 million sq. ft. of space. That's $7.8 million per store, and $135 a foot.

Midyear results for the K mart bear out these bullish projections. At the half, sales had risen 14% already, with the crucial second half (and fourth quarter) still to come. Second-quarter sales rose an even 16%, to $4.027 billion from $3.471 billion the year prior.

Profits have been a bit more difficult to find at K mart than sales, however. Net income for the second quarter fell 4.1%, to $56.8 million from $59.2 million, and for the half the decline was to $91.3 million this year from $98.9 million in the first half last year—a drop of 7.7%, blamed for the most part on the chain's increased planned promotions.

Selling, general and administrative expenses for the chain remained virtually constant—23.7% of sales through the second quarter, for example, compared to 23.8% for the same period a year earlier. That's not a figure K mart plans to live

with, or that approaches the under-21 S&GA percentages at many chains—but it is a solid performance, given the expensing of some 200 remodels through the half.

Earnings did benefit from a 2.5-percentage-point reduction in the effective tax rate, from 42.8% in 1980's first half to 40.3% this year, resulting from currency fluctuations not subject to income tax, and the reporting of footwear and Australian earnings on the equity basis.

A total of 83 K marts were opened in the first half, with approximately 92 more due before the end of the fiscal year next January. All of them will get the remodeled look for K mart, which includes upscaled presentations in H&BA, jewelry and apparel.

K mart's most recent merchandising moves have centered on name brand soft lines—designer jeans, and name brands in underclothing, for example. (Men's underwear, which is a 70%-brand label business, was completely PL at K mart until recently.) One recent circular for the chain carried 90% brand name goods, a departure for the chain, and a signal of the new merchandising strategy at K mart. The designer jeans are in very short supply, as K mart buyers are just getting into the business with the diverters; but the opening salvo was an "unlimited open-to-buy" for designer jeans ad in a leading apparel industry trade newspaper.

Because of the new promotional effort by the chain—especially in H&BA—and because many high-turn, low-margin goods are being added to the mix to generate sales dollars, K mart's earned gross margin may decline this year. But, the net result should be

(Continued on page 115)

Murphy's Mart Will Up Bows To 4 in '82

McKEESPORT, Pa.—G. C. Murphy's careful expansion program for its Murphy's Marts, which will see units added to the Pittsburgh and Baltimore markets by year's end, will be stepped up next year.

Company president and ceo Charles Lytle said a conservative estimate for 1982 includes the addition of four Murphy's Marts (after the chain climbed from 103 units to 105 this year). Murphy also operates 337 variety stores.

One step toward greater profitability is an experiment with a new store type. Murphy has taken two of its conventional variety stores and converted them to Bargain World stores, units which sell irregular, closeout and other goods.

Murphy has been closing its marginally profitable conventional (variety) stores at a steady pace since 1978 (23 were closed in 1980). The possibility of operating the units for the remainder of their lease terms as outlets for special-buy merchandise is appealing, a company spokesman said. The company is contemplating opening more Bargain World stores. Current sites are Noblesville, Ind., and Winnfield, La. The merchandise mix is primarily soft goods, but housewares and a smattering of other hard goods are included.

Sales in the discount stores continue to outpace inflation after strong gains in the company's last fiscal year, with 1981 sales ahead of 1980 by 8.7% in the 26 weeks ended July 30.

The 103 Murphy's Marts in operation for the first half of this fiscal year did $219.7 million in sales, compared to $202.1 million achieved by 102 Murphy's Marts in the first half of 1980.

Net income for the first half of this year (26 weeks ended July 30, 1981) was $2.85 million, a 25.6% increase from the year-before net income of $2.27 million for the same period. Companywide sales for the same period increased 4.5%. Second-quarter results were weaker in both sales and earnings than first-quarter gains.

Several key personnel changes during the year are ex-

(Continued on page 115)

One of your fastest selling items could stick around for years.

Discount Store Census '81/'82

Wal-Mart Is Going From 330 Stores to 480 in '81

BENTONVILLE, Ark.—Between an undiminished construction schedule of 60 new stores this year, and the acquisition of 104 Big K stores, Wal-Mart will close 1981 almost half again as large as it entered the year.

Though only 85 to 90 of the acquired Big K stores are likely to open as Wal-Marts, because of direct conflicts with existing Wal-Marts and the small size of some of the Big K's, the combination of new and acquired stores will give the Bentonville discounter close to 480 units by December. Wal-Mart began the year with 330 stores.

Wal-Mart chairman Sam Walton said the chain is still deciding which acquired stores will remain open and which will be closed. The remodeling schedule currently calls for 12-20 of the units to be remade into Wal-Mart prototypes by the end of the year; 40 Big K stores will be redone in 1982, according to president Jack Shewmaker. The remaining stores will be converted to Wal-Marts gradually, one merchandise line at a time.

Wal-Mart paid considerably less than the $5 a share equivalent stock swap that was initially agreed upon, because Big K's net worth did not meet the agreed-upon level of $19 million at the close of business on July 3. The deal closed at $2.75 a share.

Wal-Mart assumes approximately $27 million in Big K liabilities, payables of $25 million, and incurs capital costs for remodels and inventory of $40 million to $50 million, bringing the total deal to a cost near $100 million.

Wal-Mart has thus gained markets in Georgia and South Carolina, and complemented its store base in Tennessee, Alabama, Kentucky and Mississippi at a cost of $1 million per store. This includes remodeling and inventory costs.

Figures Analyzed

When the stores are brought up to the standard of typical Wal-Marts, they will account for $500 million in sales and $15 million in net income a year. The 30,000-sq.-ft. to 70,000-sq.-ft. size of most units meshes with Wal-Mart prototypes.

In addition to new stores—Shewmaker said openings would not be slowed down by the Big K deal—Wal-Mart has remodeled 25 older stores during the year.

Another deal Wal-Mart entered during the year was with a Mexican chain of food and general merchandise combination stores, Futurama. Wal-Mart will act as merchandising consultant and help finance the chain's expansion, in return for 49% ownership. First store in the new partnership is to be opened this year, with two more units planned for next year.

Merchandising changes at Wal-Mart this year unveiled yet another experimental store in a 94,700-sq.-ft. unit in Victoria, Tex. Shewmaker characterized the store as "closer to what we want for the future," but not necessarily the ultimate large-store design for the chain.

Apparel was given 30% of total space in the Victoria store, with the entrance location forcing customers into a major aisle bounded by soft goods. Women's apparel is in a center island in the store, with accessories and jewelry.

Feature tables, which were eliminated in earlier Wal-Mart tests, were brought back in the Victoria store.

Sealed inside a metal time capsule, in the cornerstone of the Science Museum of Minnesota, rests a small roll of "Scotch" brand Magic Transparent Tape.

Why? Well, it's one of the most significant and useful technological achievements of the century.

At 3M, by listening to people's needs, we've pioneered over 200 popular and innovative products for consumer use. They include products for household management, health and beauty, home entertainment and recreation, and products for home and auto "do-it-yourselfers."

If you're in the retail business and would like to find out more about how they can increase your sales, let us hear from you.

At 3M, we're in the business of hearing.

3M hears you...

For your free 3M Consumer Products Brochure, write: Department 074209/ 3M, P.O. Box 4039, St. Paul, MN 55104.

Name_____

Address_____

City_____ State & Zip_____

Or call toll-free: 1-800-323-1718, Operator 367. (Illinois residents call 1-800-942-8881.)

3M

Caldor, Bought By ADG, Sets 10 Bows in '82

NORWALK, Conn.—Its acquisition by Associated Dry Goods, a retail conglomerate, has not slowed Caldor's expansion plans.

The Connecticut-based chain entered New Jersey for the first time this year, opening in four former Korvettes sites in Paramus, Watchung, West Orange and Woodbridge. The chain is scheduled to grow by eight more units by year's end, and add 10 stores in 1982.

Caldor's sale by chairman and founder (and primary shareholder) Carl Bennett for $275 million in cash and stock in February has not, to date, triggered a senior management reshuffling. However, there is some speculation that Bennett may retire and that thought has ADG executives looking for his replacement both inside and outside the company.

The chain did lose a senior executive this summer, however, when Caldor veteran Julius Kasnitz, vice president, operations, left the chain to take the vice president, operations, spot at Two Guys.

The acquisition is not expected to hurt Caldor's sales. For the fiscal year ended Jan. 31, 1981, sales rose to $666.5 million, a gain of 18.5%. Net earnings rose 7.6% to $21.2 million from $19.7 million the year before, and projections call for this year's sales to go ahead 18% to $787 million.

Merchandising changes are also on tap for the remainder of this year and the beginning of 1982, including plans to turn Caldor's rainbow logo into a designer label before the year is out. The logo program, which underscores the chain's faith in its consumer franchise, was first shown at a spring men's wear preview for store-level employees.

The logo will complement an expanded "raccoon" line (Caldor's answer to the LaCoste alligator); a new activewear line carrying tennis star Rod Laver's name; an NFL line, and Lee and Wrangler programs fine-tuned to coordinate with Caldor's fashion merchandising.

In addition, the chain's raccoon line will be expanded from one style of sport shirt in 10

(Continued on page 118)

Discount Store Census '81/'82

Woolco Restructuring Impact to Come

NEW YORK—This was a year of tremendous change for Woolco.

But the impact of a major restructuring of this division of F. W. Woolworth—which included implementation of new store packaging, advertising and merchandising programs, and a major management reorganization—is yet to come.

The optimistic new general manager, John Parker, believes the end result will make his chain, "a major force in the discount field. We won't be the biggest, but we will be highly successful."

Parent company F. W. Woolworth started overhauling Woolco in earnest this year, after two years' work to consolidate and reallocate assets, in an effort to reclaim the profitability of the discount division. Companywide, the redeployment saw the company close its Spanish operations and the complete reorganization of its Susie Casual chain. The revamp started at the top, leaving Woolworth/Woolco with two general managers: Parker, formerly regional vp in Atlanta, became general manager of U.S. Woolco; Charles L. Kline, former senior vp and general manager of Woolworth/Woolco, became Parker's counterpart at Woolworth. The reorganization has Woolco operations personnel reporting to Parker, and Woolworth people to Kline. Both men report directly to George W. Nelson, president of U.S. Woolworth/Woolco.

In its drive to improve profits (which were $122 million for Woolco's United States and Canadian stores last year, on sales of $3.1 billion), the parent corporation continued to pare less profitable stores and trim less advantageous space within stores. Five Woolco stores were closed and another 15-30 were marked for decreased floor space in 1981.

During the previous year, the chain closed six Woolcos and reduced the store size of 25 units—an excess 1.2 million sq. ft. trimmed from the units was

(Continued on page 118)

Roses Will Use New Prototype In 6-8 Openings

HENDERSON, N.C.—Roses is banking on a new prototype to further solidify its position in its 13-southeastern-state market area.

The new plan features women's wear, men's wear, greeting cards and giftwrap all moved to dominant positions on the main traffic aisle, while promotional tables, long a Roses staple, are eliminated. In addition to improving the stores' appearance, the layout changes are aimed at improving gross margin productivity per square foot.

Six to eight stores scheduled to open this year, including three already opened in Pulaski, Va., and Brevard and Black Mountain, N.C., all have the new look.

Other changes included moving health and beauty aids to the left front quadrant of the prototype store to make room for the men's wear and greeting card departments, while women's wear was positioned outside the race track, to the right of the entrance, across from sportswear, which has frontage on both the race track and the midway aisle. Accessories were also reorganized into a new department and positioned between women's wear and girls' wear.

In addition, hardware and automotive were expanded.

As a deterrent to theft, aisles in the CE, auto and sporting goods departments were angled to give clerks an unobstructed view of the department.

Complementing the prototype plan's race track will be new color and fixturing themes designed for a clean, flexible profile. Earth-tone stripes will pattern off-white walls. Companion-colored carpeting in the apparel and shoe departments

(Continued on page 118)

WE'VE MADE
DO-IT-YOURSELF
Steel City HEAVY DUTY
SHELF & STORAGE PARTS
U S PAT NO 4 159 164 CANADA 1 068 653 JAPAN PAT PEND

12" Bracket B-24
Outside Angle O-24
Inside Angle IA-24
Tool Caddy TC-48
Utility Hanger UH-72
Tool Holder T-60
8-Inch Splicer S-24
2-Ft. Channel C2-10
4-ft. Channel C4-10
Bolts & Nuts NB-84
6-ft. Channel C6-10

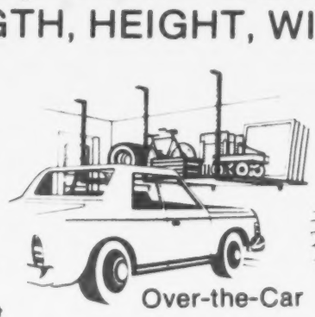
HOME CENTER, LUMBER AND BUILDING SUPPLY MERCHANDISER
11 ITEM HOME CENTER DISPLAY

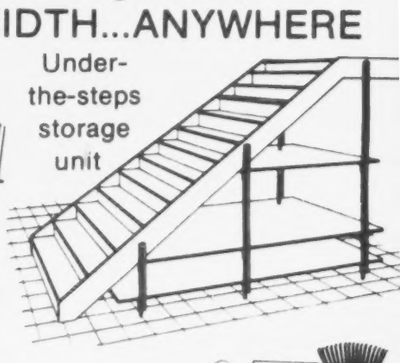
Stand is 22" deep 27" wide 5 ft. high

MODEL DIS-SSP 11 SKU

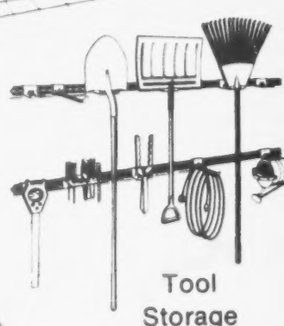
A handy way to tailor-make storage units
ANY LENGTH, HEIGHT, WIDTH...ANYWHERE

Bracket Shelving

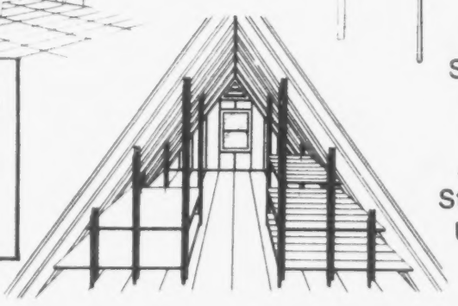

Over-the-Car Storage Unit


Under-the-steps storage unit

Over-the-washer dryer storage unit


Tool Storage Unit

Use hardboard, plywood or lumber for shelving.


Attic Storage Unit

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This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.
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TOWNLEY HARDWARE Kansas City, MO

Discount Store Census '81/'82

Zayre's Discount Stores on Way To $1.5 Billion Year (Up 11.6%)

FRAMINGHAM, Mass.—The revitalized Zayre discount stores will reach $1.5 billion in sales this year, an 11.6% gain over last year as operational and merchandising improvements over the last few years take hold.

Merchandising moves at the 259-store (at year's end) chain include Brand Name Value Centers for products requiring saleshelp, in approximately 100 stores; What's Cookin' housewares sections in almost 200 stores, and KD and casual furniture tests in just 17 stores at the beginning of the fiscal year, but now being rolled out into the chain.

A new bath shop treatment is also being tested in 17 Boston-area stores, as a new Zayre department—Merchandise Presentation and Stores Development—does its part to lift Zayre's volume.

Judging by Zayre's first-half figures—up 17.6%—and by some individual stores' sales plans, the 11.6% gain projected for the current fiscal year may be conservative. Three of the new Chicago stores (converted Community units) are expected to pump $15 million-$18 million each into the coffers, and displace the chain's other ethnic stores in Florida as the highest volume producers. (The Chicago stores are in densely populated black neighborhoods, while the Miami stores cater to a large Cuban population.)

More than half of the Zayre stores have been remodeled into the cleaner, brighter and more exciting look of the 80's, but Zayre is not depending on

(Continued on page 116)

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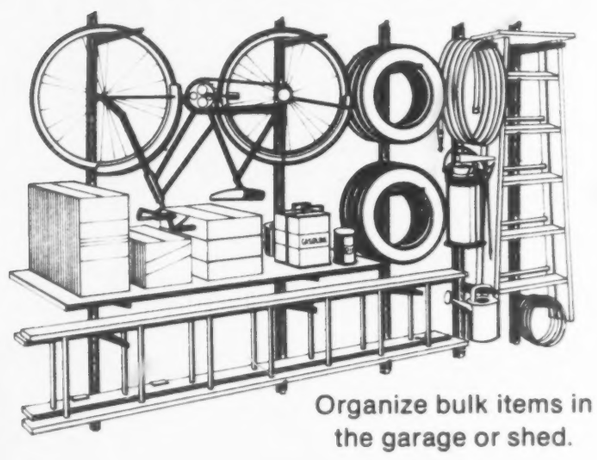
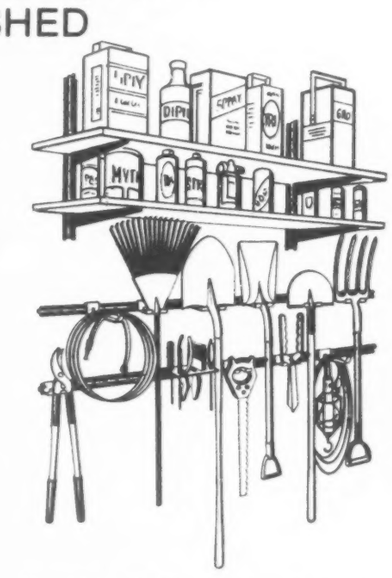
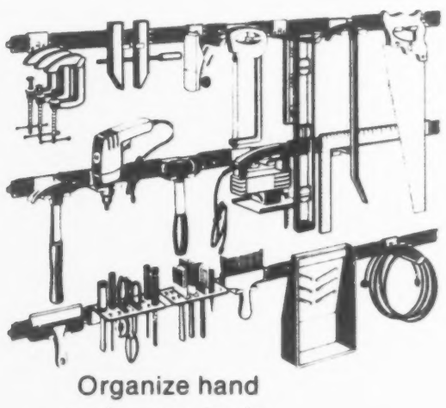

Organize bulk items in the garage or shed.


Combination garden tool and chemical storage unit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This stand contains POINT-OF-SALE HEADER. Tells the story with illustrations.
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DISPENSER STAND holds 60 4-ft. channels, 40 2-ft. channels, 96 shelf brackets, 120 tool holders, 48 tool caddy's, and 72 utility hangers.
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HARDWARE WHOLESALERS, INC., Ft. Wayne, IN
HARDWARE DISTRIBUTORS, Cleveland, OH
GEORGE WORTHINGTON CO., Cleveland, OH
STEM DISTRIBUTING, Cleveland, OH
SOURCE NORTHWEST, Seattle, WA
KRUSE HARDWARE, Cincinnati, OH
FEDERATED-GOODKIN CO., City of Industry, CA
LEIGHT SALES CO., Carson, CA
HARDLINES MARKETING, INC., Milwaukee, WI
AMERICAN STREVELL, Salt Lake City, UT
L.G. COOK COMPANY, Grand Rapids, MI
LEBOVITZ WHOLESALE HARDWARE, Chicago, IL
NELSON ROANOKE CORP., Roanoke, VA
PIONEER BLDG SPECIALITES, Portland, OR
DECATUR-HOPKINS, Needham Heights, MA
H.E. SCHIFF DISTRIBUTORS, Hicksville, NY
BAUMRIN BROS. SOUTH, Jacksonville, FL
BELKNAP, INC., Louisville, KY
R K B ENTERPRISES, Elmira, NY
CONTEXT WHOLESALE CO., Charlotte, NC

3 in '82 Projected By Clover

PHILADELPHIA—Clover opened two stores this year and will add three in 1982 as the home-town chain continues its measured growth to meet increasing competition from regional and national discounters.

Set to open in spring '82 are Clover's first two stores in the Allentown-Bethlehem market, the discounter's furthest thrust north from its Philadelphia base. The two 85,000-sq.-ft. units will be in the Whitehall Mall and Palmer Park shopping centers.

Also due next year is a similar-size store in Haverton, Pa., which was postponed from this year. That unit, along with two others in Delaware County, just south of Philadelphia, are expected to be the launching platform for Clover's long projected move south into Delaware in subsequent years.

The two stores opened this year boost Clover's count to 15, all in the Greater Philadelphia and adjacent south New Jersey market.

Clover's status in its home town is evident from one of the two new stores opened this year: The Cheltenham unit is the first discount store to co-anchor an enclosed mall (Cheltenham Square) with a conventional department store (Gimbels) in the Philadelphia market.

Clover is the discount arm of Strawbridge & Clothier, a local conventional department store chain. The parent company's move into discounting a decade ago was a key element in its efforts to maintain its overall market position against the growing competition from such national retailers as K mart and Sears.

The discount arm's growth has reached the point where it has five more stores than the parent's conventional department store operation. Clover's sales accounted for about 38%

(Continued on page 116)

Discount Store Census '81/'82

Southern Push: Target Hits La., Busts Sod For 2 in Little Rock

MINNEAPOLIS—Target's 14-unit increase of its store base this year brought the discounter into two new states and substantially broadened its base in two more, creating a strong Southern presence.

Groundbreaking in mid-August for two 100,000-sq.-ft. Targets in Little Rock, Ark., marked sites for the chain's first stores in the state. A March opening in Lafayette, La., brought Target to that state for the first time.

In addition, the 146-unit discounter marked Tennessee for expansion, adding three stores in Nashville and two in Knoxville to 1980's only market in the state, three Memphis stores.

The Texas store base is also being built up at Target, with groundbreaking for the chain's 14th unit in the Houston market slated for this month. A fall opening in Beaumont will widen Target's operating area in the state.

Target underscored its commitment to Southern expansion by opening its second distribution center late last year, a mammoth 580,000-sq.-ft. facility in Little Rock, Ark. Many of the 15 new Targets likely to open in 1982 will be in the chain's Southern division, though strengthening of existing markets, such as occurred this year in St. Paul, Minn., and Denver, is also likely.

The largest boost to Target's volume this year came from 40 Ayr-Way stores which the chain acquired last year. Those stores' volume remains broken out from the rest of the chain, as an operating region of Target. To date, 24 former Ayr-Ways in Indiana, Kentucky and Illinois have been reopened as Targets after extensive remodeling.

A corporate personnel change also came during the year, as Dayton Hudson (parent of Target) president Stephen Pistner left for Montgomery Ward. Target's chairman Kenneth Macke was tapped as Pistner's replacement. Floyd Hall replaced Macke as Target chairman, moving over from his post as head of B. Dalton book stores (another Dayton Hudson division).

At Dayton Hudson's annual meeting at midyear, it was announced that Target, along with B. Dalton and Mervyn's, will receive 90% of a $1.95 billion five-year capitalization budget. Between this year and 1985, 85 new Targets were projected for total gain of 60% in square footage.

Target contributed 38% of its parent company's total volume in the year ended Jan. 31, 1981.

Sales volume at Target grew 37% last year (24% without Ayr-Way's volume included), to $1.53 billion. Operating profit was $91 million, a 24.7% increase from the year-before's $72.9 million profit.

Operating profit as a per cent of sales slipped, however, from 6.5% of sales in fiscal 1979 to 5.9% last year. Dayton Hudson chairman William Andres said: "Target's gross margin rate was down slightly from the previous year as a result of the highly promotional retail environment." Gross margin percentage at Target is between 27% and 29%.

For the first quarter of this year, Target's volume was ahead of 1980 by 53% (31% without Ayr-Way's volume). Operating profit was down slightly for the quarter compared to a year ago, due to expenses from conversion of Ayr-Way stores. With the exclusion of Ayr-Way, Target's operating profit was ahead of 1980 by 22%. Same-store sales at Target rose by 14% during the quarter.

At the August end of the second quarter, half-year sales at Target were $874.2 million. This was a 49% increase from 1980's first-half sales of $588 million. Same-store sales were ahead 11% for the half-year. Target's volume without Ayr-Way was $750 million for the half year, a 27.5% sales increase.

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10 in '82 Set By Fishers Big Wheel

NEW CASTLE, Pa.—Fishers Big Wheel is stepping up its expansion.

After adding eight stores in 1980 and nine more this year, Fishers plans to add 10 in 1982.

The biggest drive by Fishers is in Michigan, which gets eight of this year's nine new stores; seven of the stores will have fall openings. Earlier this year, Fishers opened stores in Otsego, Mich., and Follansbee, W. Va.

The new Michigan units join five former Buckeye stores in that state which Fishers acquired in January 1979. Jim Welty, executive vp at Fishers, said new stores in the state will fill gaps between present locations.

The Michigan units mean much more than increased store count to the chain—Fishers will be introducing a new race-track prototype and new decor and signing in these stores.

Chain sources said many of the changes already visible in the Otsego and Follansbee stores preview the new prototypes, including storefront signing which says "Big Wheel" and drops "Fishers."

Inside signing will also be changed. Wall lettering for departments will be replaced with department-identifying supergraphics—large black and white photographs, 3½ ft. wide and 7-10 ft. long, which will be hung from the ceiling.

Carpeting in the stores will be burgundy and gray to coordinate with the new wall designs. Walls will bear red and magenta stripes on an off-white base (replacing a different color for each department).

Small fingerwalls of plasterboard have been designed to hold apparel displays in a collage fashion, and men's fitting rooms will be moved to a more central location in the store and redesigned as octagons. Fitting rooms for women will be redone in gray paneling.

The prototype layout will also be reversed from Fishers' current floor plan, with soft lines located on the left of the store. The decor has been simplified to accentuate soft line assortments, Welty said.

Traditionally, Fishers has allocated 50% of its space to hard

(Continued on page 117)

Discount Store Census '81/'82

T G & Y family center

T.G. & Y. Standardizing Layout

OKLAHOMA CITY—Merchandising and personnel changes marked 1981 for T.G. & Y., with chainwide conversion to a typical layout nearing completion and loss of two of the chain's vp's of buying caused by a realignment of staff.

Vp of buying William Dorsey resigned at midyear, and vp of buying James Carel was recently reassigned to a new venture by parent company City Products. The discounter has shifted to a merchandising chain of command using four group buyers who divide responsibility for merchandise lines.

In addition, T.G. & Y. began operations this year with new top executives. Senior vp of store operations Dan Kelly was named president at the end of the company's last fiscal year, and senior vp of administration J. H. Plunk was named executive vp, a post which had been done away with in 1978. Vp of store operations H. O. Price was named senior vp of marketing.

The new lineup at T.G. & Y. has been carrying out conversion of all stores to a unified layout scheme, which will give headquarters better merchandising control. The completion of that project this year will allow greater concentration on a new project: T.G. & Y. has developed a new prototype and is ready to try it out in test markets during 1982.

The chain will reportedly test the store in three nonmetro markets. Prototype design varies considerably from present T.G. & Y. stores, most notably by eliminating feature tables once heavily used throughout the chain.

A preview of the chain's future direction came this year, when executives ordered a 25% reduction in feature table numbers chainwide. With tables taken out, floor plans call for squeezing 15-ft. aisles down to 8-ft. widths and creating more display space.

The chain is also contemplating a name change for its discount stores to distinguish them from its more than 400 variety stores. The variety stores will retain the T.G. & Y. name.

A second new store project is also in development stages: Carel was reassigned from T.G. & Y. day-to-day operations to help design a combination store with its sister division at City Products' Vons supermarkets. The new store, which is to combine elements to both T.G. & Y. and Vons, is being developed by executives from both chains under the direction of City Products management.

That test store will reportedly serve as a prototype for a new chain spinoff, to have its own nameplate. The first unit could open as early as late 1982.

In merchandising changes within existing T.G. & Y. stores this year, two major developments took place. First, the chain pulled out of the home improvement business. It had extensive lumber assortments in 130 builder supply centers, and smaller assortments in other stores. Overall, the department lacked the floor space productivity of $125 a square foot in sales that the chain was looking to achieve. With the resulting space from the pullback, the chain expanded its hardware assortment by 18% to 22%.

T.G. & Y. also reduced the space allocated to its fabric de-

(Continued on page 115)

Cook's GM Biz to Hit $665M As Result of Rink's Acquisition

MAPLE HEIGHTS, Ohio—Cook United's acquisition of 47 Rink's stores in 1981 will boost general merchandise volume for the chain (which also operates several wholesale divisions) to approximately $665 million not including food, from a base of 124 stores.

The Rink's move was made by Cook to build an immediate presence in western Ohio that "could have taken 10 years to build," according to Martin M. Lewis, chairman and ceo. The Rink's were combined with Cook's 21 Ontario stores (the chain operates stores under the Ontario name, Uncle Bill's, Clark's and Consolidated Sales Co. as well as its own Cook's logo), with those stores getting the Rink's nameplate in Columbus, Cincinnati, Dayton and Toledo, Ohio.

The new stores also provide instant customers for Cook United's large wholesale divisions, a factor which played a large role in the decision.

Two stores were opened in 1981, in Cleveland (Uncle Bill's) and Savannah, Ga. (Cook United), and three are planned for 1982 at 45,000 sq. ft. each.

The chain's projected general merchandise sales of approximately $92 a square foot fall below the industry average of $106.04, but merchandising refinements are planned to raise that figure.

At Rink's stores, for example, just prior to the takeover hard lines accounted for 75% of the volume out of 70% of the space. That soft performance on the apparel side prompted Rink's management (most of which stayed in place after the acquisition) to upgrade the presentation. The chain makes use of circle racks with mannequins, and glass and chrome fixtures to add flash to the stores. Some units have racetrack aisles with soft lines infields.

Jamesway to Add Six Stores in 1982

SECAUCUS, N.J.—Jamesway plans to add six new stores next year, all concentrated in the chain's home base of New York, New Jersey and Pennsylvania.

The new stores will increase Jamesway's square footage by 8% and its store count by 9%, bringing the chain to 70 by the end of 1982. (Sixty-four units are expected to be in operation by December of this year.)

Market locations for the new stores were unavailable at presstime, as negotiations for some sites continued. The stores will average 51,000 sq. ft.

Jamesway decided to regroup in its home area after selling off its three Ohio stores to Hart Stores at the end of last year. In 1981, the chain added four stores though net gain was only one unit due to three closings.

Two 65,000-sq.-ft. units were opened in New Jersey: a former Barkers in Flemington and a former United Discount Store in Pompton Plains. Leases were also acquired on stores in Beaver Falls, Pa., and Fulton, N.Y., with the Beaver Falls store opening for the back-to-school season and an October opening planned in Fulton.

Jamesway will close the year at 3.64 million sq. ft. compared to the 3.57 million sq. ft. it operated in January, an increase of 2%.

Executives at Jamesway project a sales increase of 8.8% in 1981, as they look for a total fiscal year's volume of $310 million (including leased department sales), compared to $285 million last year. Leased volume is expected to be 4.2% of the chainwide total; sales without the leased departments are projected to be $297 million.

(First-quarter sales were flat at the chain, particularly in the 20% of the Jamesways in western Pennsylvania. However, a pickup in sales was evident early in the second quarter.)

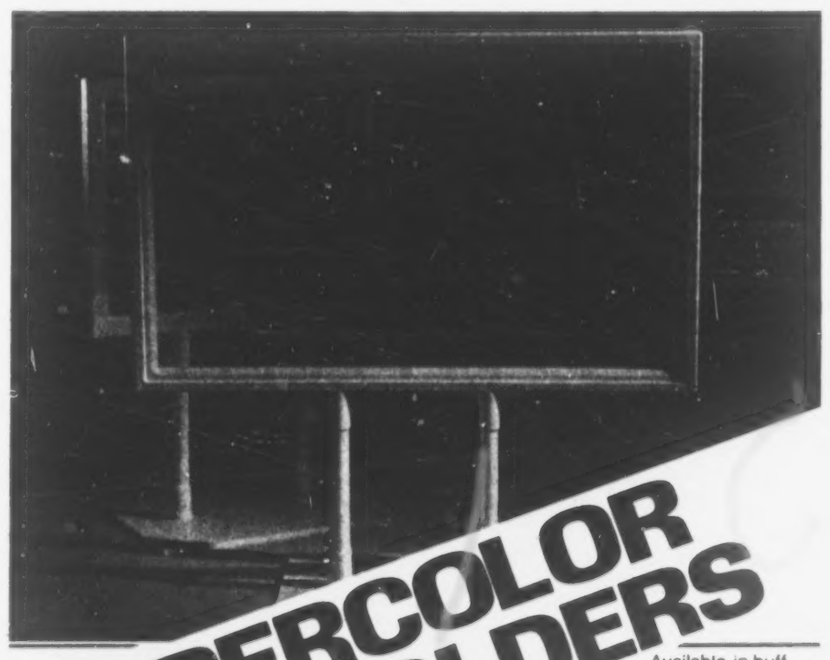
In operating changes, Jamesway has scheduled a pilot installation of backroom computer terminals by the end of this year. The equipment will allow the central office to communicate with each store electronically—an initial step to improving merchandise replenishment. In addition, a prototype backroom operation has been set up for all stores.

The chain also continued its remodel program throughout the year, with refurbishments budgeted for 11 stores. When refixturing of those stores is complete, almost two-thirds of the chain will be either new stores or ones that have been remodeled within the past three years.

Through the remodels, Jamesway has been seeking to improve overall gross margins by focusing on departments with high return on investment. During 1980, initial markup slipped 1.1% from the year before, due primarily to changes in the merchandise mix (more movement in promotional goods).

Jamesway is also trying to in-

(Continued on page 115)



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Discount Store Census '81/'82

Sale of Fred Meyer Likely This Year

PORTLAND, Ore.—If the proposed $420 million sale of Fred Meyer goes through—and company executives expect the deal to be closed by the end of this calendar year—it will become a privately held company again, the first time since 1960.

Fred Meyer's board of directors ended a year-long struggle (both internal and external) for control of the chain by agreeing late last month to an offer of $55 a share for the company, from a group to be formed by the investment banking firm Kohlberg, Kravis, Roberts & Co. (KKR).

The board at Fred Meyer debated the $55-a-share offer for several weeks before accepting. On two other occasions the board had rejected KKR's takeover advances, including one for $45 a share late last year. In addition, the board also talked briefly with a Portland-based building supply and home center company, Evans Products. The decision to sell, however, didn't quell all of the executive suite turmoil at the chain. When the sale to KKR for $55 a share was authorized by the board, two board members resigned in protest. They reportedly felt the offer was still too low.

The 66-unit discount chain plans to add two units in the second half of this calendar year, and plans for next year call for four new stores. Fred Meyer's units run 100,000 sq. ft. (selling) each. A total gain of 10% in selling space at the chain is projected during 1981 and 1982.

Fred Meyer plans to open several of its future units in the tricity area of Richland, Kennewick and Pasco, Wash. The company intends to sink $300 million into an expansion program during the next five years. This would give Fred Meyer between 8.45 million sq. ft. and 9.2 million sq. ft.

(In its last fiscal year, Fred Meyer added four units, two in Washington and two in Oregon, totaling 443,000 sq. ft.)

Fred Meyer chairman Oran Robertson told shareholders that "we plan to add new stores at an accelerated rate, and expect to increase our retail square feet by 450,000 to 600,000 sq. ft. each year." He said $52 million was set aside for the 1981 additions.

Sales at Fred Meyer rose 16% for the year ended Dec. 31, 1980, to $972.8 million. This was a 53-week year; on a 52-week basis, sales increased 14%.) Earnings from continuing operations grew by 20% in the year, to $26.5 million.

Pamida Climbs Back to Profitability

OMAHA—Pamida, now owned by its employees after a trust-fund buyout of the old company's assets, is climbing back toward profitability levels which it enjoyed prior to an earnings plunge in 1978, with tighter merchandise controls and programs beginning to show effects.

For the current fiscal year, executives at the chain look for a volume increase of 1.8%, to $343.2 million from last year's $337.2 million. This will be done on a smaller store base due to closings last year, so per-store gains will be much stronger.

(During the quarter ended April 30, 1981, for instance, sales were up 2.95% from first-quarter sales of the year before but comparable-store sales were ahead by 7.8%. Pamida had 10 fewer stores in operation than during the first quarter of 1980, and 206,000 sq. ft. less selling space.)

Store count during 1981 remained constant, with a handful of openings replacing closed stores. However, the 186 stores to be in operation by December will give Pamida a total of 75,000 sq. ft. more in selling space than the 186 stores it operated in January.

The game plan for next year is essentially the same: Store count will remain stable, according to present plans, but executives at the chain expect to end calendar 1982 with 100,000 sq. ft. more in selling space than at the beginning of the year.

The biggest change at the chain this year has been in ownership. Pamida's employees bought the chain under an Employee Stock Ownership Plan in a deal involving $19 million in bank financing, the first such arrangement in the industry.

Ron Curtis, senior vp of finance at Pamida, expected the move to ultimately improve the bottom line through increased labor productivity and smaller staff turnover.

Based on the ratio of salary to ESOP payroll, each employee is allocated shares of stock in the corporation. Because the value of each employee's holdings in Pamida stock will thus snowball, the plan is expected to reduce employee turnover. The first 200,000 Pamida shares will be released by the banks in January 1982, and be divided during the first quarter of the year among approximately 4,000 Pamida employees.

With the change in ownership, resignations came from "old" Pamida's chairman, D. J. Witherspoon, and vice chairman L. E. Wegener. The board of directors set up to run the "new" Pamida includes four of the plan's trustees and five outside members. The four ESOP members are president C. Clayton Burkstrand, Curtis, senior vp of accounting and financial administration John Weisner, and senior vp of administration Herb Underwood.

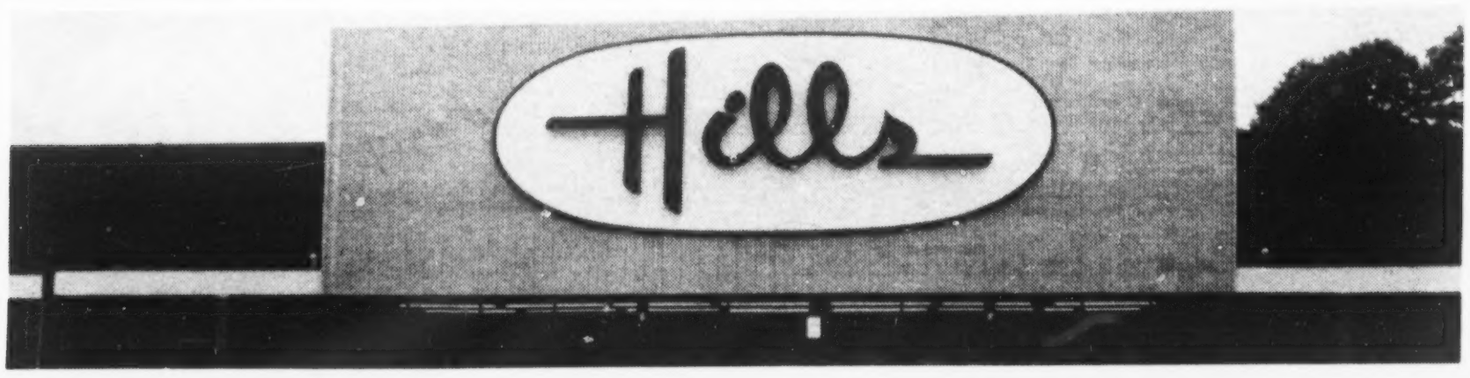
In merchandising changes, the last two years have seen drastic reductions in inventory at Pamida, as the chain seeks to boost turns from an average of approximately three to four a year.

Higher-ticket merchandise is being brought in for hard goods programs (such as a ceiling fan program incorporated into a chainwide energy-related program). Hard lines were also completely planogrammed chainwide this year for the first time.

In soft lines, the chain has been upgrading both merchandise lines and presentation. Waterfall racks were used for summer seasonal tops for the first time. An improved assortment of jeans boosted sales in the category more than 20% over last year. An apparel buyer at the chain noted tighter

(Continued on page 116)

Discount Store Census '81/'82



Hills to Reach 100 Stores Next Year

CANTON, Mass.—If expansion continues at its current rate, Hills will grow to 93 units by year's end, and will hit 100 stores by 1982.

The new growth will focus on the metro markets in the 11-state (midwestern and eastern) territory where the chain currently operates.

This year Hills opened stores in upstate New York and in the Greater Pittsburgh and Nashville markets. Most recent openings included two stores in Niagara and Buffalo, N.Y.—former W.T. Grants—where the chain now has six units. A seventh store will be opened in the area this fall. The 1981 expansion calendar also called for new units to be opened in West Mifflin (Greater Pittsburgh), Sharon, Butler and Oil City/Franklin, Pa.; Anderson and Bloomington, Ind.; Amherst, Ohio, and Hendersonville (Greater Nashville), Tenn.

New Appointment

The year also marked the retirement of the chain's founder and president for 24 years, Herbert Goldberger. He was succeeded by his son Stephen A. Goldberger, formerly executive vice president.

The senior Goldberger's retirement also prompted several other executive suite changes: Peter Hayes, formerly vp, hard lines, became executive vp; John C. Brouillard was appointed vp of finance and administration after serving as senior director; Eugene J. O'Donnell took over Hayes' former spot, moving from divisional merchandise manager, hard lines, and Leonard M. Casey, a former hard lines buyer, became divisional merchandise manager.

The chain also began several new merchandise assortment and presentation tests this year. A gourmet housewares department was unveiled in the new Buffalo store, and an expanded lobby—housing plant, candy and tobacco shops—was also introduced into the new upstate New York stores. The gourmet housewares section—

(Continued on page 116)

Kansas-Based David's To Widen Okla. Thrust

WICHITA, Kan.—Look for David's to expand its base in Oklahoma in 1982 and in the future. The Kansas-based discount chain, with a new operations manager, is also looking for a 21% increase in sales this year and added emphasis on soft lines, which traditionally have comprised its lesser categories.

The eight-store chain expects to start the Oklahoma expansion with a new store in Tulsa, said David Taylor, president of MYF Industries, parent company of the chain. There are currently two David's in Tulsa, but Taylor and his management team—which includes the new vice president of operations, John Hermsen, and several former Pizza Hut executives—see real growth potential for Tulsa.

"We really need three stores there now," said Taylor, who thinks the market might also bear a fourth store in the near future. The company president also envisions getting into a lucrative Oklahoma City market as well.

"We expect to build one store per year for the next five years at least," Taylor said.

David's currently has five stores in Wichita, its home turf, and considers that market "saturated." The newest Wichita store opened in November, and like a store opened in Broken Arrow, Okla., in May, displays the chain's newest prototype.

The new prototype sticks to 60,000 sq. ft., the size of older David's. Although the new stores maintain the traditional 65-35, hard lines/soft lines merchandise mix that is also typical of older David's, more attention and space have been given to soft lines.

"Soft lines gained more space; we expanded the categories and went to better presentations with updated fixtures," said Hermsen. Other stores are being reset to the new prototypes and are scheduled to be brought up to date by next year.

Taylor said the company is expanding soft lines to improve gross margin dollars and meet competition.

As in hard lines, soft lines comprises 95% branded goods, which sets David's apart from most discounters within its competition area—Target, T.G. & Y., Woolco, K mart and Wal-Mart.

"The closest thing to us is Target," commented Taylor.

David's will achieve sales of $66,500,000 this year. Projected sales for 1982 are $80,000,000, said Taylor.

The corporation president believes Hermsen will contribute to increased sales, given his merchandising background. The new vp for operations formerly served as district manager for a seven-store ShopKo division in Wisconsin that had sales of $139 million.

Hermsen, 34, came to David's in November after 13 years with ShopKo. He was promoted to vice president in January, when MYF also promoted Mike Dart to vice president and coo of MYF in charge of David's and the company's Pizza Hut franchise division. (MYF has franchise rights to 80 Pizza Huts in Florida, Pennsylvania, Alabama and Illinois.)

Dart served as president of David's from 1978 until his promotion. Dart was previously vice president for financial planning for Pizza Hut. Taylor, himself a Pizza Hut alumnus (he was financial vice president there before coming to MYF in 1977), has also recruited several other former Pizza Hut executives for key management positions at David's.

David's vp of finance is Gary Simmons, who formerly oversaw a $100 million seven-franchise division of Pizza Hut. He joined MYF two years ago as head of its now pared-off record division, was then elevated to treasurer of David's and more recently promoted to vice president.

The industrial relations manager of David's is Mike Cain, who held numerous positions in the Pizza Hut franchise service division. Cain, a CPA with several years of personnel experience, stepped into a newly created position at David's to oversee security, personnel, warehousing and distribution.

Among other top management changes was the addition of John Caserta as marketing director. He was previously in

(Continued on page 115)

track with these traffic builders.

You'll pull right into fast traffic when you select one of ANCO's major fall promotions. Each comes with its own heavy-duty corrugated display (FREE when you subscribe to the program):

1. "SAVE ON A RAINY DAY" lets consumers order specially priced foul-weather merchandise directly from ANCO. Order blanks for ANCO's imprinted umbrella ($8.95), rain slicker ($11.95) and weather station radio ($19.95) are attached right to the display. With the ongoing popularity of imprinted items — and the ongoing necessity for umbrellas, etc. — this program is a guaranteed sunny success.

2. "WEATHER OR NOT" offers a free fun booklet to ANCO customers. The booklet explores the fascinating facts and fallacies of weather and driving — while emphasizing the need for proper windshield wipers.

3. "ANCO'S TRADE-IN SPECIAL" encourages customers to trade in their old wiper blades for new ones — at special savings sponsored by the individual marketer (up to 50¢ off on a pair of blades). This program has been tested by various ANCO marketers — and proven successful across the country.

In addition to the materials listed, each of these exciting programs features window posters, counter cards and ad slicks. Call your supplier for all the details on all these programs — so you can start tracking big sales this fall with ANCO.

Or $38.95 for all three — an additional savings.

ANCO
To see your way clear.
Gary, Indiana 46440

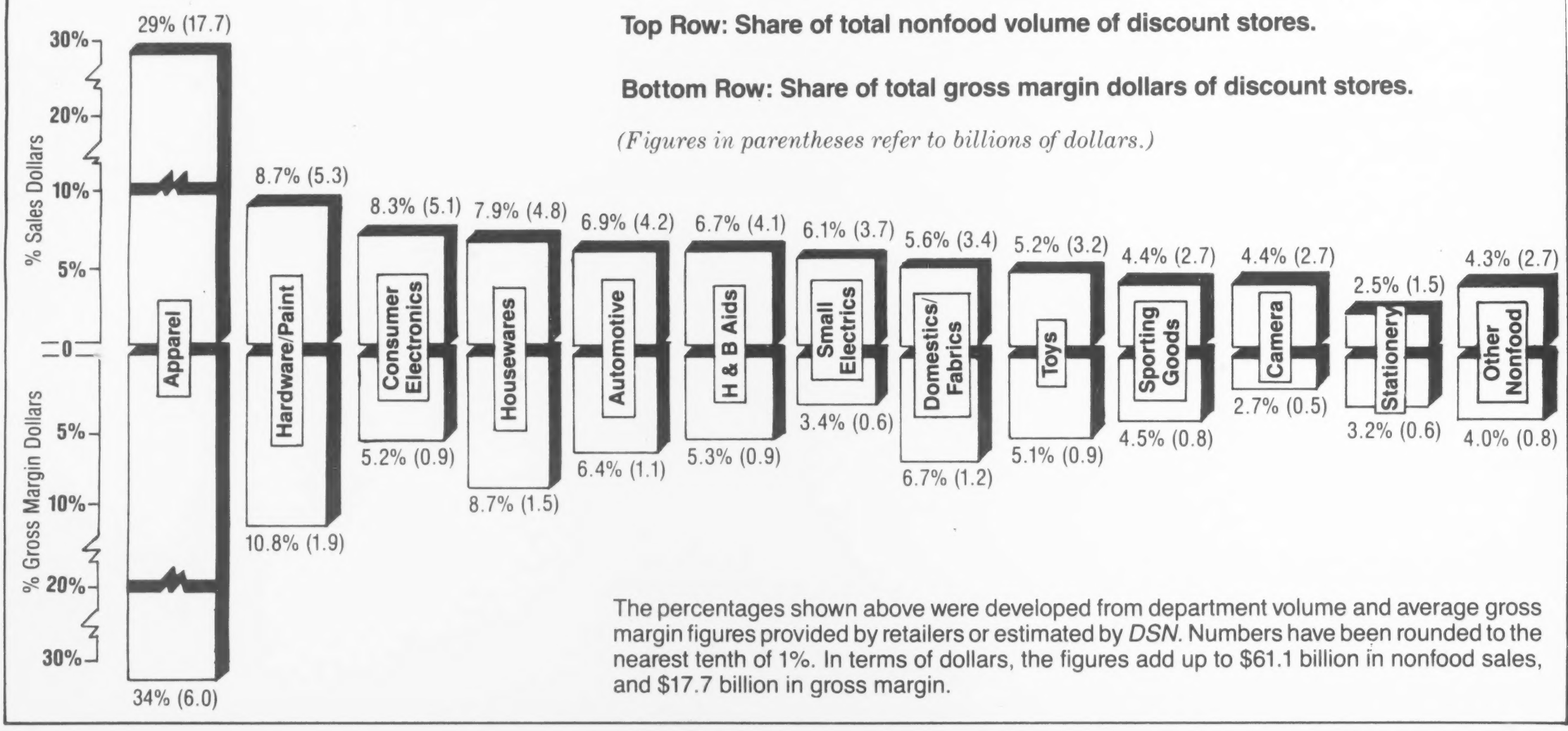
1981-82 DISCOUNT STORE CENSUS MERCHANDISING PROFILES

How Key Categories Contribute to Store

Top Row: Share of total nonfood volume of discount stores.

Bottom Row: Share of total gross margin dollars of discount stores.

(Figures in parentheses refer to billions of dollars.)



The percentages shown above were developed from department volume and average gross margin figures provided by retailers or estimated by *DSN*. Numbers have been rounded to the nearest tenth of 1%. In terms of dollars, the figures add up to $61.1 billion in nonfood sales, and $17.7 billion in gross margin.

Upscaled Apparel Is a Hit

Upscaling of apparel assortments, which has brought increased sales through higher tickets and better turns, with little or no erosion of the maintained gross margin, has pushed the combined apparel departments to approximately 29% of the sales in the industry (much higher at some chains), producing more than a third of the gross margin dollars, *DSN* estimates.

Other departments gaining higher percentages of total sales included CE, housewares, H&BA, automotive, small electrics and domestics/fabrics.

Photo/camera departments slipped in percent of total sales, to 4.4% from 4.5% last year, but gained in gross margin dollar production to 2.7% of the total.

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Sales Performance by Department

Category	Discount Volume in Billions	Sales Per Store (add 000)	Dept. Size	Annual Sales/ Sq. Ft.	Annual Turns	% Initial Markup	% Gross Margin
Ladies' Apparel	$9.1	$1,115	9,990	$112	5.8	44%	36%
Men's & Boys'	6.1	747	7,560	99	3.9	41	33
Housewares	4.8	588	5,734	102	4.1	36	32
Automotive	4.2	514	2,280	225	4.2	32	27
Health & Beauty Aids	4.1	502	2,240	224	4.1	28	23
Hardware	3.9	478	3,215	149	2.8	41	36
Consumer Electronics	3.6	441	2,000	221	3.0	28	18
Toys	3.2	392	2,660	147	3.6	35	28
Sporting Goods	2.7	331	2,500	132	2.9	36	30
Photo & Camera	2.7	331	670	494	3.4	24	19
Domestics	2.4	294	3,120	94	3.6	42	35
Personal Care Electrics	2.3	282	900	313	4.2	22	16
Stationery	1.5	184	1,750	105	4.0	42	38
Records & Tapes	1.5	184	1,050	175	4.4	25	18
Small Electrics	1.4	172	900	191	3.9	23	16
Paint	1.4	172	1,270	135	2.7	42	37
Fabrics & Sewing	1.0	123	1,400	87	2.8	42	35
Jewelry	1.0	122	550	222	3.1	48	40
Glassware	0.5	61	600	102	4.2	42	37

(Source: DSN Research)

Discount Store Census '81/'82

Lifestyle, Gourmet and Tabletop Concepts Gain

Housewares

- Discount Store Sales .. $4.8 Billion
- Sales per Store $588,000
- Department Size .... 5,734 Sq. Ft.
- Annual Sales per Sq. Ft. $102
- Annual Turns 4.1
- Initial Markup 36%
- Gross Margin 32%

BOXSCORE

Hills, Niagara Falls, N.Y., drapes domestics bath shop samples on displays of bath shop hard lines to create a fashion look for this merchandise. *(DSN photos)*

Housewares is taking on a new look in discount stores.

What once was a basics-only department has become the fashion flashpoint for traded-up hard lines, with the merchandising concepts now described as lifestyle, gourmet housewares and/or tabletop.

The trend is evident not only at such upscale chains as Target, Zodys, Venture, Jefferson/Ward and Bradlees, but also at such middle-of-the-road discounters as Hills, Clover, Fisher's Big Wheel, Jamesway and Zayre.

A number of factors are behind the new housewares merchandising direction for discounters, including:

- The vast amount of available fashion housewares. The flood of this merchandise engulfs new technology items, from flip chairs and modular chrome-and-glass furniture to such staples as glassware and kitchen tools in colors and designs that match the newest dinnerware and cookware decor.
- Growing customer demand for fashion housewares. Conventional department stores in the past half-decade have developed a market for this merchandise, and discounters are now exploiting this demand by offering fashion housewares at discount prices.
- Discounters' need to increase nonelectric housewares productivity. Addition of fashion housewares means inclusion of bigger-ticket merchandise that helps to boost total sales and generate more gross profit dollars.

DSN's analysis of the productivity of nonelectric housewares points up the department's mixed results and why chains are turning to fashion as a route to boost performance.

Discounters' total nonelectric housewares volume is projected at $4.8 billion, up 14.3% from $4.2 billion, with sales per store of $588,000, an 8.3% gain from $543,000.

Annual sales per square foot of $102 represent a 7.3% increase from $95.

These positive figures are countered by a 2.4% drop in annual turns to 4.1 from 4.2, a 5.3% decline in initial markup to 36% from 38% and a 5.9% slide in gross margins to 32% from 34%.

The bottom line is that while nonelectric housewares' share of total volume in discountland went up 3.9% to 7.9% from 7.6%, the department's share of total gross margin dollars dropped 1.1% to 8.7% from 8.8%. However, the total dollar amount of $1.5 billion gross

(Continued on page 56)

WE FOUND A WAY TO TOP OURSELVES.

THERMOS INTRODUCES THE FLIP 'N' POUR.

What Thermos did for the vacuum bottle we've now done for the vacuum-bottle stopper. We've reinvented it.

The new Flip 'n' Pour stopper is so simple to open and close, you can do it with one hand. And its exclusive spout makes pouring easier than ever.

Which also makes it easier than ever for you to make money. Because the new line of Thermos brand bottles with the foolproof stopper should attract a steady stream of customers.

And besides creating a great new stopper, we're helping to create demand with major television support.

So call your Thermos Sales Representative today for details about the new Flip 'n' Pour. The stopper designed to make people stop and buy the Thermos brand vacuum bottle that comes with it.

Thermos is a registered trademark of the King-Seeley

HOUSEWARES

Discount Store Census '81/'82

Chains Eye Better Fashion Lines For Growth

The quintessential discounter mass display of housewares is seen in the bulk presentation of plastics in the new prototype unveiled by K mart, High School Road, Indianapolis.

Fashion merchandising of housewares in Jefferson/Ward, Bordentown, N.J., includes use of specialty fixtures for cookware and kitchen tools with a shop setting. *(DSN photo)*

(Continued from page 55)

margin dollars was up 7.1% from $1.4 billion.

The new housewares merchandising approach has seen Clover combine glassware, dinnerware, servingware, flatware and cutlery in a 525-sq.-ft. tabletop shop section set off from the rest of housewares by woodgrain-finish gondolas.

Hills, meanwhile, is testing a 360-sq.-ft. gourmet housewares area called Creative Housewares that features copper and stainless steel cookware and accessories, plastic storage goods and Corning Ware.

Fishers Big Wheel has positioned KD furniture between housewares and domestics so that the entire area is now merchandised as home furnishings and home decor.

A Venture merchandiser summed up the reasoning behind the new look for housewares by noting that cross-merchandising traded-up items is vital, with the right adjacencies of the fashion goods creating additional sales. He added that high-end lifestyle goods have been outselling lower-priced items because of the tie-in presentation of housewares with a fashion appeal.

Discounters are turning to traded-up fashion housewares as a growth area, as sales of other nonelectric housewares have peaked and are showing slower, albeit steady, growth. SilverStone coated cookware, for example, has become such a staple that a growing number of discounters are now using imported unbranded goods with just the word SilverStone to be able to offer sets at under $40.

Zayre, Miami, features a different item on each of the four sides of the square, freestanding, promo unit developed by the chain. *(DSN photo)*

THERE MUST BE GOLD IN THAT THERE ALUMINUM!

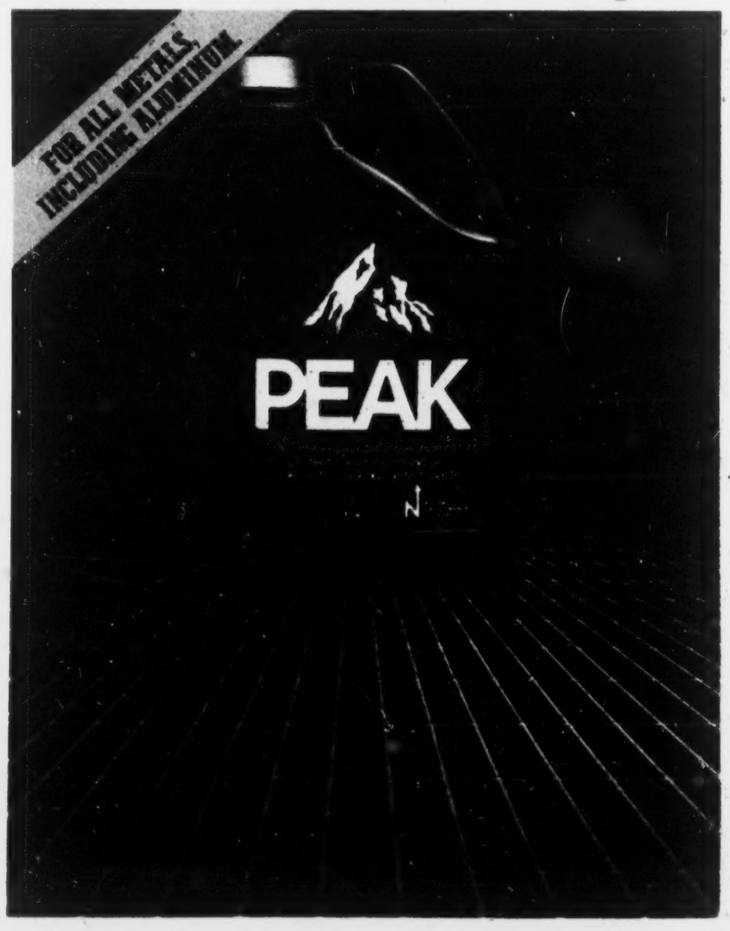
From the looks of the advertising these days, everyone's joining the Aluminum Rush.

Everyone except PEAK.

PEAK® antifreeze & coolant has always provided unsurpassed anti-corrosion protection for all metals, including aluminum.

This year's PEAK is no different. Except that we've improved our aluminum protection to exceed the requirements for today's and tomorrow's aluminum-component engines.

So, if you'd like to strike it rich in aluminum this year, do what savvy car owners will be doing: Reach for the PEAK.



Northern Petrochemical Company

ELECTRIC HOUSEWARES

Discount Store Census '81/'82

Basics Are Strong, But Hot New Item Is Needed

Electric Housewares

- Discount Store Sales .. $1.4 Billion
- Sales per Store $172,000
- Department Size ..... 900 Sq. Ft.
- Annual Sales per Sq. Ft. $191
- Annual Turns 3.9
- Initial Markup 23%
- Gross Margin 16%

BOXSCORE

K mart is one of the few discounters to offer an extensive array of private label traffic appliances. This merchandise is regularly featured on endcaps, as in Indianapolis store. *(DSN photo)*

The lack of hot new traffic appliances this year has forced discounters to develop their own electrics promotions to draw customers.

This state of affairs—a repeat of what happened last year—has hurt the 1981 outlook.

DSN's projections for the category shows discounters' total electric housewares volume will go up only 7.7% to $1.4 billion from $1.3 billion. More importantly, this sales gain will come about almost entirely from new store openings, with volume per store remaining flat at $172,000 and sales per square foot also showing almost no growth at $191.

The need for discounters to generate their own promotions for small appliances means that initial markups will drop 4.2% to 23% from 24%. This move will also keep turnover constant at 3.9 turns and gross margins at 16%.

While discounters were bemoaning the lack of exciting and innovative new traffic appliances, they were quick to note that basics continued to be strong and that such items as drip coffeemakers with timers and electronic controls had revitalized the entire electrics area.

("Super," in fact was the word used by a T.G. & Y. merchandiser to describe timer-model drip coffeemakers. That chain was one of a number of discounters planning to expand their offerings of traded-up drip coffeemakers this year.)

Still, much of the category's action has been taking place in lower priced basics. A Jamesway merchandiser summed up the situation when he declared that inflation had made consumers very price conscious and that traded-up small appliances moved best only on promotion.

The weakness in sales of higher priced appliances can be seen in the limited number of chains merchandising microwave ovens, traded-up convection ovens and electronic countertop ovens.

High-end discounters such as Jefferson/Ward, Caldor and Target have been able to merchandise microwave ovens priced up to $500 as everyday price points, while Hills, a middle-of-the-road discounter, relies on about $250 for the bulk of its volume movement.

Other discounters—Bradlees, Magic Mart and T.G. & Y. among them—have either experimented with microwave ovens and then dropped them or else avoided the category altogether.

(Continued on page 58)

We took our original idea and had a picnic with it.

Since 1907, Thermos® Brand has been the world's most recognized name in keeping hot things hot. And cold things cold.

And now, for 1982, we're gaining even more recognition with our largest selection of jugs and coolers ever. From our 6.6 quart L'il Sunpacker™ to our big Sunpacker™ and Double Six Packer™—all the way up to our 96 quart Deluxe Cooler.

So keep looking for the exciting new products from Thermos. Your customers will have a picnic. And you can feast on the profits.

For more information, contact your Thermos representative.

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ELECTRIC HOUSEWARES

Discount Store Census '81/'82

Chains Are Thrown on Their Own to Boost Sales

While many chains are avoiding the microwave and convection oven business—afraid consumers will resist the price points—Zodys is going full speed ahead. *(DSN photo)*

Meijer's Thrifty Acres, Troy, Mich., uses long, hypermarket-type presentation for traffic appliances. Samples are shown at eye level, with boxed stock below and above.

(Continued from page 57)

To overcome the lack of new-product excitement, discounters are resorting to their own efforts to stimulate the category.

K mart has taken to offering rebates for its own private label drip coffeemakers, including featuring its models in full-page ads that played up rebated appliances only.

Jamesway has picked out six traffic appliances to spotlight as part of its 116-item inflation fighter program which will offer the selected items at sharp everyday prices to create a low price image for the chain.

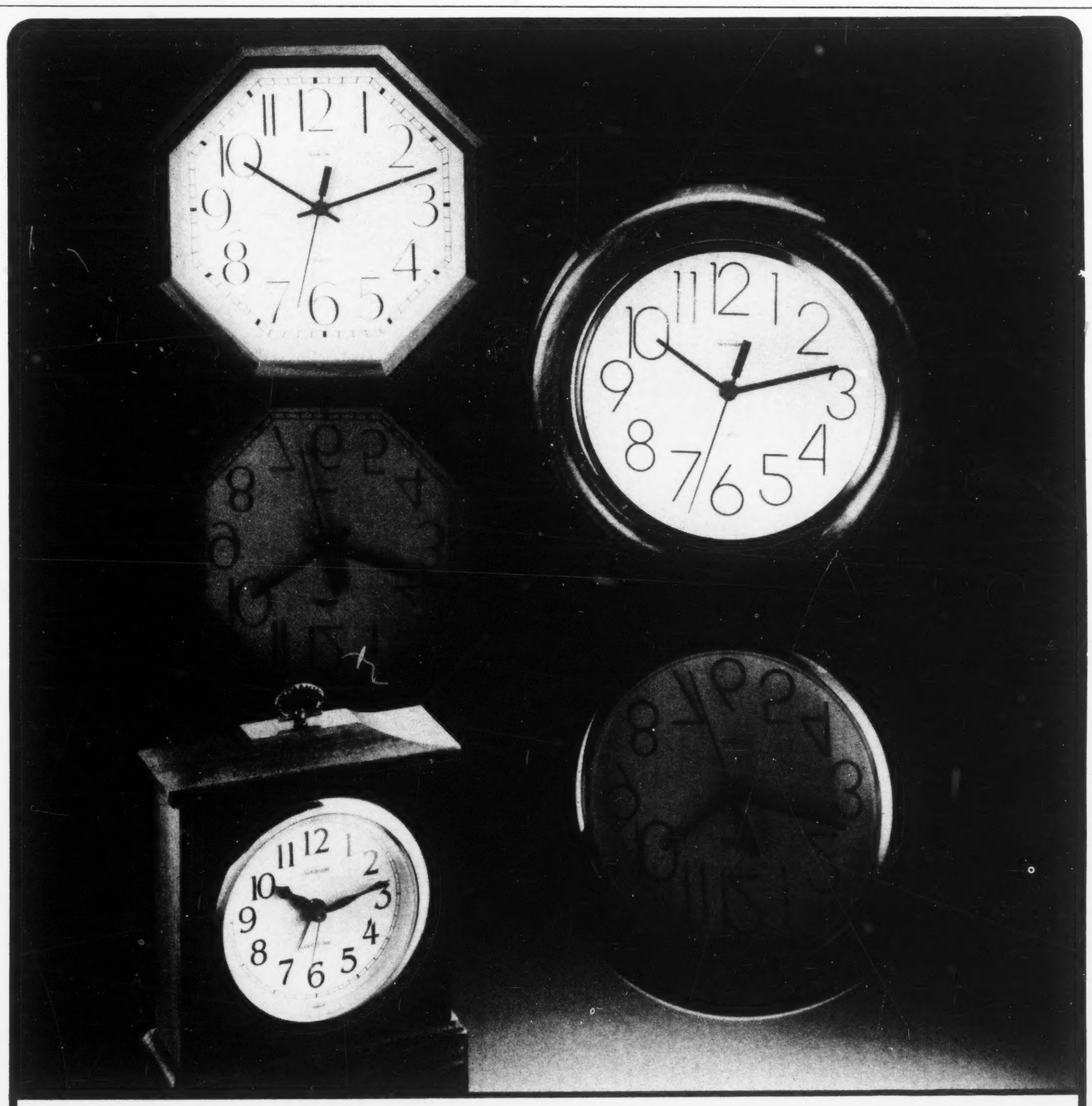
Magic Mart went to a direct shipment program for most traffic appliances. The move is seen as generating more gross profit dollars for the category and helping the chain to feature selected items at very low prices in ads.

Toaster-ovens, a basic that is heavily promoted by a number of discounters, will be featured by Roses in a greater number of ads this fall. This effort will include the traded-up model that has a larger cavity and a continuous-clean feature.

The final tipoff on the state of the small-appliance business can be seen in the outlook for hot air popcorn makers—the only item that came even close to being a hot electric last year.

A Zodys buyer summed up the situation by noting that manufacturer prices for this item have stabilized so that sales should only remain strong—not jump ahead of last fall's volume.

K mart gives its La Collection Fleurs, one of the chain's two controlled brands, endcap feature space, as shown in its Troy, Mich., store. *(DSN photo)*



The Fabulous Faces

A striking new collection of genuine wood timepieces.

They're fresh. They're exciting. They're in rich, solid wood. And they're the first new group of great-lookers from SUNBEAM. The name your customers count on for high quality and value.

The designs are sleek, crisp. And come in a variety of wall clock and alarm clock styles that are polished to perfection in warm grains of walnut and other furniture finishes. Handsome? Of course. And with pricepoints under $30.00, they're sure to be profitable fast-movers. Don't waste another minute. Call today for more details on SUNBEAM's Fabulous Faces. They're beautiful to look at . . . and even more beautiful to sell.

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Sunbeam CLOCK COMPANY

Phone: (201) 342-2700

Discount Store Census '81/'82

PERSONAL CARE APPLIANCES

New Items Seen Helping Dept. Lift Sales 15%

Personal Care

- *Discount Store Sales .. $2.3 Billion*
- *Sales per Store $282,000*
- *Department Size ..... 900 Sq. Ft.*
- *Annual Sales per Sq. Ft. $313*
- *Annual Turns 4.2*
- *Initial Markup 22%*
- *Gross Margin 16%*

BOXSCORE

Personal care appliances are shown on angled shelves for easier customer viewing in K mart's new prototype store on West Washington Street, Indianapolis. *(DSN photo)*

Will personal care appliances be a hot category this year?

Discounters think so and point to air cleaning machines, butane-powered hair curlers and heat wrap/cold pack wraps as the merchandise that will do the job.

DSN's projection of personal care appliance productivity this year indicates that the category is ready to take off. Total industry volume for the category is expected to jump 15% to $2.3 billion from just $2 billion, while store sales are targeted for a 10.2% increase to $282,000 from $256,000 and sales per square foot will show the same gain, going from $284 per square foot to $313.

The higher volume performance will enable personal care electrics to maintain a 4.2 annual turn, a 22% initial markup and a 16% gross margin.

The initial markup and gross margin figures are the lowest, overall, for any hard lines department and denote the great reliance that discounters place on personal care appliances as a key gift area for both back-to-school and Christmas.

Merchandisers expect the category to live up to its reputation as a key holiday promo area and pointed to the three hot classifications as the reason why.

Air cleaning machines, in fact, have already started to develop a track record as a promotional item. Most discounters started to show the items either late last year or this past spring.

A Heck's merchandiser called them a "sellout item" after doing very well with one model featured as a gift in the spring. The discounter has since expanded its assortment.

Merchandisers are high on air cleaners because the classification generates repeat business for the replacement filters.

A Nichols merchandiser asserted: "The category has great potential because consumers have become very conscious about their environment."

The potential for butane-powered hair curlers, while not as certain, is generating interest among buyers, although to date the industry is divided on the future of the item.

A Fishers Big Wheel merchandiser called the item "a revolutionary product" that could

(Continued on page 113)

Top-quality Trim® nail clippers offer excellent performance both on and off the shelf. Unconditionally guaranteed Trim manicure implements are proven sellers. Backed by national consumer advertising and packaged for eyecatching

customer appeal.

Carry the full line of Trim manicure implements (20 SKU's and growing!). Give yourself the edge.

TRIM®

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Call The W.E. Bassett Co. at (203) 735-1825
to find out how 12 of the 25 leading Discount Chains already have the edge.

TRIM®
gives you the edge.

Discount Store Census '81/'82

Fashion Is THE Trend; Strawberry Shortcake Hot

Glassware

- *Discount Store Sales . . $0.5 Billion*
- *Sales per Store $61,000*
- *Department Size . . . . . 600 Sq. Ft.*
- *Annual Sales per Sq. Ft. $102*
- *Annual Turns 4.2*
- *Initial Markup 42%*
- *Gross Margin 37%*

BOXSCORE

Glassware displays in Jamesway, Flemington, N.J., include packs and boxed sets for beverageware, bulk presentation for glass accessories and pegboard hooks for mugs. *(DSN photos)*

Fashion continues to be the big news in glassware—with Strawberry Shortcake the hottest seller—but discounters are also looking beyond their immediate merchandising programs toward the jockeying among manufacturers for market shares.

The two big domestics manufacturers—Libbey Glass and Anchor Hocking—for the first time in a number of years are facing strong competition from revitalized American companies, while a growing number of European producers are making a determined effort to capture a larger share of the United States market.

Thus, discounters are feeding the newest designs from the domestic vendors into their glassware department and testing goods from overseas manufacturers.

The fashion focus for glassware has produced big jumps in the department's productivity. *DSN* projects discounters' total glassware volume will increase 25% this year to $500 million from $400 million. There will also be corresponding gains in sales per store of 22% to $61,000 from $50,000 and a 22.9% advance in annual sales per square foot from $83 to $102.

These improvements will let glassware retain its leading status in the total housewares area with 4.2 annual turns, a 42% initial markup and a 37% gross margin, among the highest of any hard lines categories.

The jockeying among American glassware manufacturers has been felt in the fashion area: Anchor Hocking's license to produce Strawberry Shortcake forced Libbey Glass into this fashion/character area with a competing design.

At the same time, Corning Glass entered the glassware field through its Corning Design company. Among the new company's first efforts were striped glassware with trims that coordinate with Corning Glass dinnerware, and storage jars that coordinate with Spice O' Life cookware patterns.

Corning Glass' move, in turn, prompted other glassware makers to introduce their own glassware lines that coordinate with Corning Glass dinnerware.

Discounters have been selectively adding the various coordinated glassware programs to

(Continued on page 113)

HIGH-POWERED PROMOTION... ON-TARGET ADVERTISING... SUREFIRE SUPPORT.

ORTHO is rolling out the heavy artillery to help bring armies of customers to your store. It's our most extensive advertising and promotion campaign ever, featuring:

- More TV support than ever before, with more reach on high-impact primetime and news shows.
- Our heaviest radio schedule ever, with special emphasis on weekends.
- Umbrella print campaign in major national publications such as Reader's Digest and Better Homes and Gardens, plus regional publications like Sunset and Southern Living.
- Seven new titles in our ORTHO How-To books collection, giving you a year-round profit center and a natural source of tie-in promotions.

Stock up on ORTHO products—and watch your profits grow.

Chevron ORTHO
Chevron Chemical Company

Discount Store Census '81/'82

New Legislation Seen Sparking Smoke Alarms

Home security departments have experienced a spotty year.

The fire is gone from smoke alarms; lockset volume varied greatly between metropolitan and rural-market chains; floor-model safes made inroads at some chains, and automatic garage door openers were closed out at others.

In smoke alarms, hopes for future volume growth rest with new products, such as portable "travel" alarms, and with new legislation requiring alarms in new buildings in many cities. For now, margins of less than 10%, required if a chain is to remain competitive, have created a "trading dollars" situation in the category.

New York, Dallas, Oklahoma City and Kansas City are among municipalities that have enacted or are considering legislation requiring smoke alarms in some or all types of residences, benefiting stores located there.

T.G. & Y. is one of the chains gearing up for the second wave. The discounter went from two sku's to three this year by adding a GE unit at $16.99. A spokesman at the chain said some volume pickup has already been noted due to new laws. T.G. & Y. has decided to take a wait-and-see stance on new portable smoke alarms despite the slight growth in current sales.

A spokesman at S. E. Nichols said his chain also looks for a pickup in the category this fall. The chain currently stocks three sku's, all First Alert, from a low end of $13.99 to a $21.99 high end (model with safety light).

The category is still promoted by chains—a sampling of recent ads shows K mart at $10.97, Zodys at $13.99 and Caldor at $18.70 on various models—but frequency of promotion is far smaller than in past seasons due to a loss in traffic-generating power.

A spokesman at Roses, which used to promote the category in nearly every circular, said ad dollars are now concentrated on other items with higher turn. Recent tests on a unit to add to the chain's two sku's at the low end were discouraging, the spokesman said.

Chains have found a growing market in products designed to protect valuables if a home *does* burn down, such as fire-resistant security boxes and home safes. Bradlees and Venture are among those using fire resistant boxes in promotions—recently $9 at Bradlees and $11.99 at Venture.

In the file and desk accessory category, four of the top 14 dollar volume items for 1980 at Boston Distributors were security chests.

As a very large step-up from this, home safes are being tried increasingly by discounters, bringing hefty volume per unit sold; Zayre's recent promotion of a Sentry safe was at $96.76.

Jefferson/Ward also has high hopes for the category, expecting expansion from its present two-sku offering, according to a spokesman there. The chain currently carries a safety box and a 1,700-cubic-inch floor safe.

T.G. & Y. expanded its line of security boxes this year, adding keylock and fire-resistant models. The chain also ran tests on a floor safe, and, on the basis of promising sales results, has decided to add an imported 146-lb. safe. It will retail near $100.

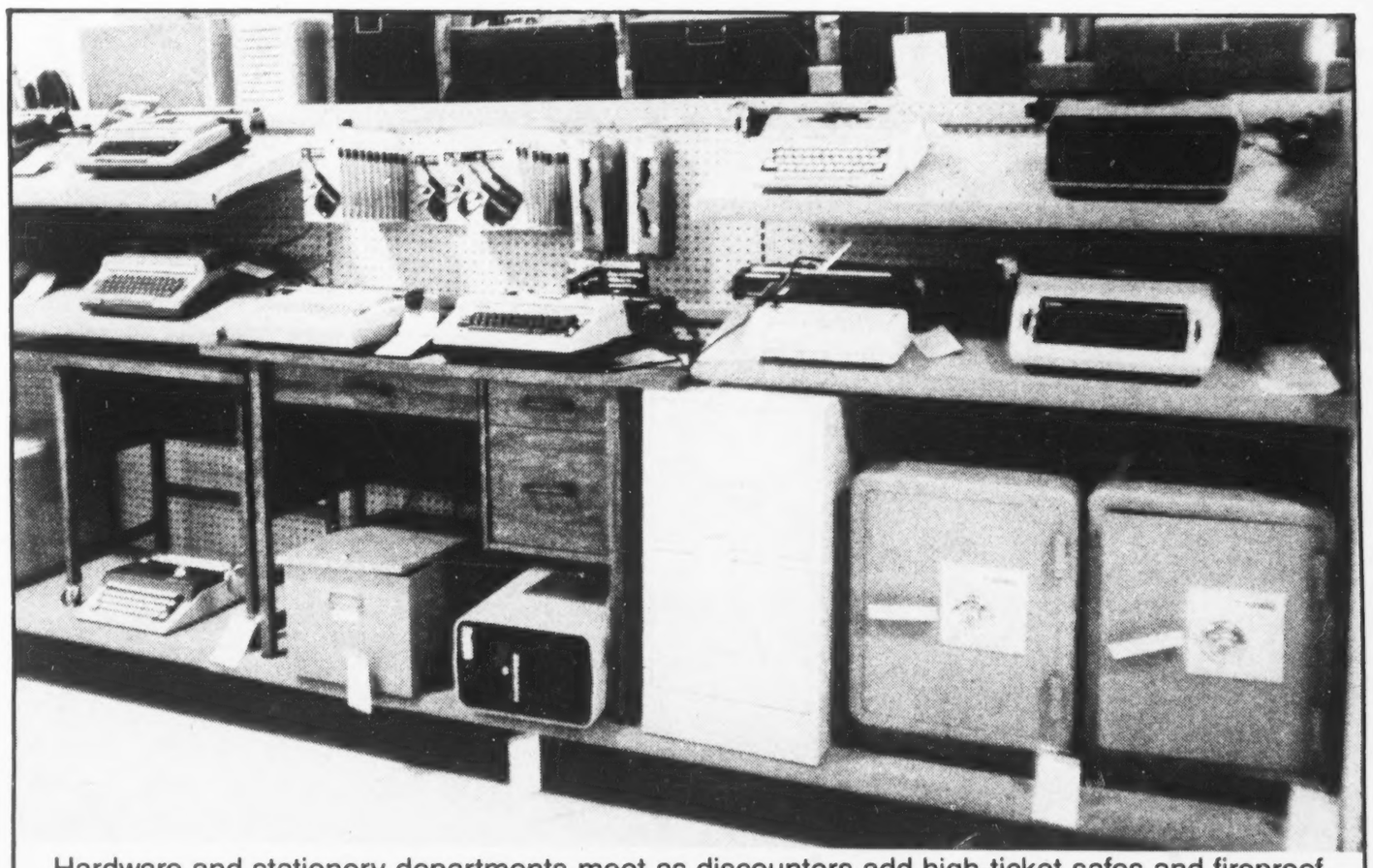
Even some chains servicing rural market areas, where security items often show slow growth, have had success with safes. Washington-based Yard Birds, for example, saw steady growth in its two-sku offering in safes and recently added a third sku as a low-end floor safe.

Yard Birds markets a Sentry security box as a letter safe at $39.95 and a Sentry floor safe (1,700 cubic inches) at $159 and $169 in promotions. The new floor safe, a Saga, carries an everyday price of $159 and is promoted at $99.

Certainly among the highest-ticket security items in the industry are those in Jefferson/Ward's camera department. The chain recently moved home security consoles from unattended displays to the camera department, in order to aid movement.

The consoles carry tickets of $300 to $350, and failed to move significantly without salesman

(Continued on page 95)

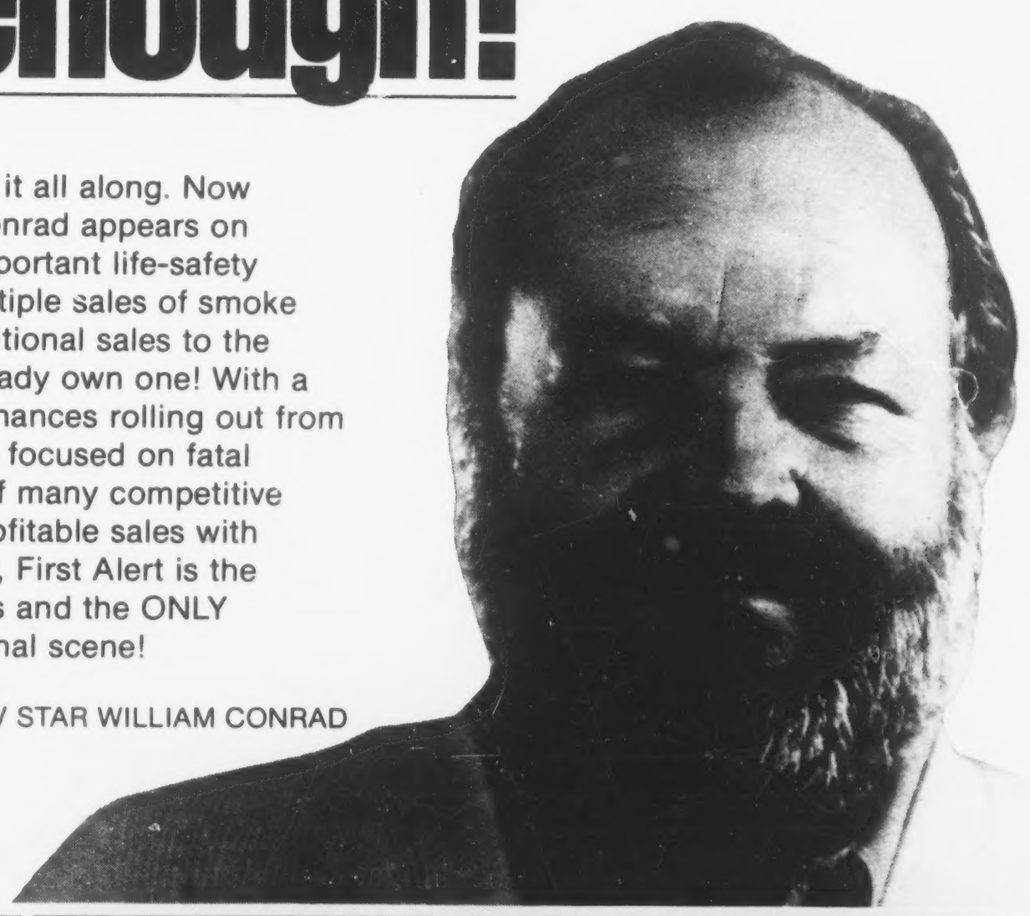


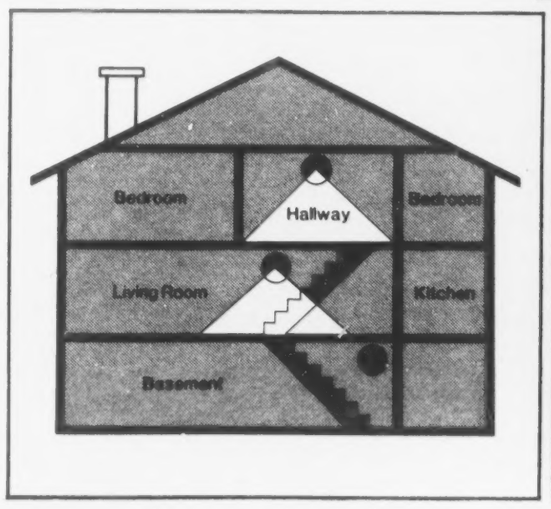
Hardware and stationery departments meet as discounters add high-ticket safes and fireproof boxes to their mix. This display is in Best's Fairfax, Va., showroom. *(DSN photo)*

"I'm telling millions that one smoke alarm is not enough!"

Fire prevention experts have said it all along. Now First Alert Spokesman William Conrad appears on network and spot TV with this important life-safety message that will help create multiple sales of smoke detectors to non-owners and additional sales to the safety-conscious people who already own one! With a new wave of smoke detector ordinances rolling out from major cities . . . national attention focused on fatal fires . . . and the disappearance of many competitive brands . . . the opportunity for profitable sales with First Alert looks great. Remember, First Alert is the leading producer of smoke alarms and the ONLY consistent advertiser on the national scene!

TV STAR WILLIAM CONRAD





The First Alert Plan Sells every-level protection. For the typical two-story house it recommends Escape Light™ smoke detectors on first and second floors, plus a regular First Alert in the basement.

William Conrad promotes the First Alert Plan on network and spot TV, making 327,099,000 gross impressions in November and December alone!

Strong Promotional Support includes ad slicks, giant full-color banner, a full-color easel-back P.O.S. display card and consumer rebates.

First Alert® by PITTWAY®

America's leading producer of smoke detectors.

Discount Store Census '81/'82

Biz Generally Dull, But 35mm Cameras Click

Photo/Camera

- *Discount Store Sales .. $2.7 Billion*
- *Sales per Store $331,000*
- *Department Size ..... 670 Sq. Ft.*
- *Annual Sales per Sq. Ft. $494*
- *Annual Turns 3.4*
- *Initial Markup 24%*
- *Gross Margin 19%*

BOXSCORE

Caldor gives prominence to a broad assortment of high-margin accessories, as at this Taunton, Mass., store. Competition industrywide keeps camera margins thin—less than 20% in frequent promotions. *(DSN photo)*

It has been a tough year so far in the photo department, with a slowdown in camera sales leading to a corresponding slowdown in accessory and film volume at some chains.

Sales in the department industrywide are up 8% from a year ago, though most of the increase is from new-store gains. Sales per store have increased a modest 2.5% over the year.

Turn in the department is down, 3.4 compared to 3.6 a year ago. The good news, however, is that increased sales of 35mm cameras (where margins are better than on pockets or instants) have helped contribute to higher markups and gross margins in the department.

Initial markup of 24% is one point better than the 23% initial markup of a year ago, and a gross margin of 19% is a full two points better than the 17% in the department last year.

Several chains made changes in film merchandising this year, in an effort to speed turn without excessive promotion. Film, flashes and other accessories were moved outside of glass counters at Fisher's Big Wheel, for instance, and put on endcaps. Target and several other chains made the move a few years ago. Having those goods in a more accessible, self-service area has increased movement, improved department productivity and helped compensate for slow camera sales, according to a spokesman there. The chain looks for a 12% increase over last year in film sales this Christmas season.

At Heck's, where film sales this year are 7% ahead of last year, a sales increase of 50% is looked for in the category for the Christmas season. A "photo center" display will be put near the front of stores chainwide, following tests in selected stores last year. The chain will also use promotions in November to spur interest in the category.

Heck's is also among those chains beefing up efforts in photofinishing, simplifying its operations by using fewer—but larger—processing plants which allows the chain to promote more frequently (by eliminating the need to coordinate prices between several plants). Kansas-based David's made a similar change last year, and was able to double its pho-

(Continued on page 113)

Canon. The Brand Your Customers Ask For.

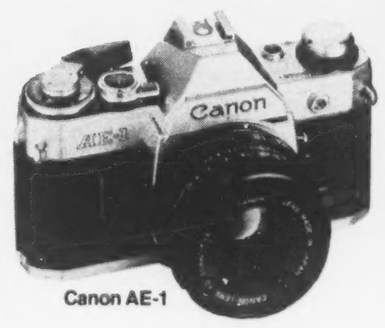
Canon is the world's leader in 35mm photography. With nationally advertised cameras like the Canon AE-1, the A-1 and the totally automatic Sure Shot AF35M, it's no wonder. From coast to coast, millions are exposed to Canon advertising every day. On television, in national magazines and newspapers. There are also millions of satisfied Canon camera owners in the U.S. who are also out spreading the word.

The word is Canon. Ask your own people at the point of sale: they'll tell you it's the brand most people ask for. Whether they want a simple snapshot camera, a sophisticated SLR with all the accessories or even a movie camera, they ask for Canon. So it pays for you to stock as many different Canon models as you can to give your customers the variety they need and the brand they trust.

SLR CAMERAS

Canon A-1

Canon "A" Series single-lens-reflex cameras offer electronic 35mm photography at its best. The Canon A-1 is one of the world's most advanced automatic cameras, capable of handling any subject under any conditions with professional results. Yet it's easy to use and its advanced features make it easy to sell.



Canon AE-1

The Canon AE-1 is our most popular model, with shutter-priority automatic exposure control that lets the user select a shutter speed, focus and shoot. Flash photography's fully automatic, too, and Canon Speedlites and accessories like the Power Winder A make easy add-on sales for the AE-1. These profit-makers also fit the AV-1 aperture-priority model. The AV-1 is the lowest-priced Canon automatic SLR, but shares many of the features that helped make us world's leader in 35mm photography.

Canon FD Lenses

To go with the Canon SLR line are a host of easy-to-sell accessories as well as nearly fifty fine Canon FD wide-angle, telephoto and zoom lenses to suit every picture-taking situation. So whatever your SLR customers' needs, the Canon line is the answer.

RANGEFINDER CAMERAS

Canon Sure Shot AF35M

The Canon Sure Shot AF35M is the automatic camera everyone's talking about! It has auto focus, auto exposure, built-in auto electronic flash, built-in auto winding and even power rewinding. It's the 35mm camera that says "goodbye frustration" forever because it automatically eliminates common photographic mistakes. It's almost impossible to get a bad picture with this camera–that's why we call it the Sure Shot!

There are other compact, easy-to-use 35mm models in the Canon line, too. For fast turnover there's the compact, lightweight Canonet 28. It combines the simplicity of automatic exposure with the clarity of a superb Canon lens at a rock-bottom price. There's an optional Canolite D electronic flash to go with it, too!

SUPER-8 MOVIES

Canon silent and sound Super-8 movie cameras feature the same design integrity, sharp Canon lenses and exciting features that make all Canon cameras sell well. The 1014XL-S and 814XL-S sound models offer the creative filmmaker brilliant

Canon AF514XL-S

sound and picture quality. The amazing AF514XL-S features a Canon-engineered autofocusing system, and the 514XL-S, like all Canon sound models, provides audibly superior sound, thanks to special Canon features. For lightweight, low-light silent filming, the Canon 514XL and 310XL models deliver professional results with the touch of a button.

Again, we offer a variety of models in all price ranges, so there's a Canon for everyone. And everyone wants Canon!

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HEALTH & BEAUTY AIDS

Discount Store Census '81/'82

Sliced Gross Margin Helps Swell Sales 14%

Health & Beauty Aids

- Discount Store Sales .. $4.1 Billion
- Sales per Store $502,000
- Department Size .... 2,240 Sq. Ft.
- Annual Sales per Sq. Ft. $224
- Annual Turns 4.1
- Initial Markup 28%
- Gross Margin 23%

BOXSCORE

Meijer's Square in Bay City, Mich., merchandises home-care aids—wheel chairs, vaporizers, sitz baths—with regular H&BA department selections. *(DSN photo)*

Discounters worked health and beauty aid departments hard last year, slicing two percentage points off gross margins to keep traffic moving into their stores.

Overall, the move paid off with volume in the category up nearly 14% to $4.1 billion.

To increase H&BA department profitability, many discounters expanded their departments—Woolco went deeper across-the-board to flesh out its assortment—added upscale fixturing and/or introduced manufacturer-supplied displays, and kept the pressure on price points to build traffic.

Contents of the Mix

K mart added brand name cosmetics—Max Factor—and manufacturer-supplied displays in stores being remade a la the Indianapolis prototype. The chain also continued to push its private label program in some cases merchandising private label products alongside name brand competitors, flagging the price differential with shelf markers.

Hills added manufacturer-supplied black and chrome fixtures to its department and then repositioned the area so that it sits adjacent to the jewelry counter in its Niagara, N.Y., store.

Other chains like Bradlees, which already give a fashion look to their departments, are considering going one step further and locating their high-end cosmetics and fragrances inside the glass display currently given over to better jewelery. (The Massachusetts-based chain is currently testing this presentation in one of six recently remodeled stores; in the other five the chain has kept the categories with H&BA, highlighting the area with spotlights and glass and chrome fixtures.)

For chains that chose to keep fragrances in H&BA departments, assortments were broadened to emphasize image and self-service. To keep up with a changing market, buyers went for prestige lines, more scents and more dilutions.

Looking for greater gross margin dollars, discounters have also expanded vitamin sections, once the exclusive territory of health and drug stores. Some have made additional gains with private label

(Continued on page 73)

What An Unlikely Name For A Large Midwest HBA Distributor.

Boston Distributors

We didn't grow this fast because of our name. We did it with a success proven system that helped our customers refine and control inventories so they yield a maximum return on investment.

- We begin by continually updating product assortments.
- Evaluating product mix to attain optimal sales goals.
- Planograms that result in dramatic sales increases.
- Computerized reports for controlling margins.
- On time deliveries thru our own trucking system.
- Comprehensive promotional programs which maximize customer draw and enhance sharp discount image.

With Boston Distributors, you can select the services you need: orderwriting, ticketing, seeding, shelf stocking or housekeeping.

When we're done, you'll have the strongest HBA program for your market.

For more information **call Milt Rosenberg, Vice President of Sales collect at 1-800-321-2668.**

Boston Distributors

16501 Rockside Road, Maple Heights, Ohio 44137

Health & Beauty Aids • Stationary & School Supplies • Home & Office Supplies • Pet Supplies

Sales Climb Briskly in Hair-Care Classifications

Like most other discounters, Wal-Mart is looking to increase traffic in H&BA. In its House Springs, Mo., store, basics were stacked out to draw traffic. *(DSN photo)*

In Cheltenham, Pa., Clover pegged cosmetics on radiating fixtures, put tonnage items on straight runs and put higher-ticket cosmetics and fragrances under glass. *(DSN photo)*

(Continued from page 70)

and natural vitamin programs, where gross margins are double the 25% to 40% on name brands.

ALCO opened an 8-ft. vitamin section this year, cutting its antacid and cold medicine sections back to do so. (The chain also tied in an expanded diet aid section, which gained 8 ft. for a total of 12 ft.) At Zodys, where 90% of the vitamin mix is private label, the chain expected to reap 50%-60% margins in its highly promoted program.

Area of Reliance

Still, the bulk of the business was in basics, where sales were ahead of last year.

In a first-quarter survey by Boston Distributors, a division of Cook United which services 350 discounters, shampoo remained the No. 1 seller in H&BA. Shampoo sales were up 20%, and increases of 20% or more also occurred in other hair-care classifications: ethnic hair-care products, private label shampoos, creme rinses and conditioners.

Discounters also paid close attention to hair-notions: barrettes, bandeaus and ponytail clips, as well as the basic bobby pins, combs, curlers, brushes. Assortments were broadened and fashion sku's were upgraded, with many discounters noting margins of up to 60% in the department.

Murphy's added more fashion hair ornaments and high priced basics to its section and noted a 17% increase in total H&BA sales. T.G. & Y. added higher fixtures to its department and more than doubled its sales per square foot. Instead of shrinking the mix, the refixturing gave the chain the room to add new items.

Among up and coming categories, Boston Distributors noted sharp sales gains for eye-care products. Sales increases in the category reflect the increased popularity of soft contact lenses. Eye-care products ranked No. 28 on the list of the top 48 best H&BA sellers, with a 36% sales increase over a year ago. The increase was a direct result of technological advances in soft contacts, which have lowered retail prices, opening up the market to consumers who could not afford the luxury item before.

IT PAYS TO BE IN TWO PLACES AT ONCE.

Sales increase 20% when checkout speedracks are added to H.& B.A. blade and razor display.

These profitable increases were the result of a study compiled by TRIM INC. from scanner store data in a major midwestern supermarket chain. They found that speedracks in high traffic checkouts featuring best-selling blades and razors, in combination with full line H.&B.A. displays, delivered a minimum of 20% greater sales than H.&B.A. displays alone.

Which simply means that if the number one selling Gillette blades and razors are missing from your front-end, you're missing out on a big opportunity.

This study is just one more addition to the Gillette merchandising and display program designed to maximize your profits.

Contact your Gillette representative, and he'll show you why it pays to be in two places at one time.

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Gillette

America's No. 1 selling blades and razors.

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LAWN & GARDEN

Discount Store Census '81/'82

Dollar Volume Blossoms to Outpace Inflation

Chains reported a strong season in trade-up mowers. This broad assortment is from Lechmere in Cambridge, Mass. *(DSN photo)*

Jefferson captures extra gross margin points in hot category gas grills by running Ward private label units. This store is in Hialeah, Fla. *(DSN photo)*

Discounters saw the green grow this year, as dollar volume increases outpaced inflation to represent real growth in most areas of lawn & garden.

Buyers admitted a generally slow 1980 made year-to-year comparisons look good. A spokesman at Zodys, a division of Hartfield-Zodys, commented: "Our markdown position on seasonal goods was much better this year than it was last year, but last year was not a banner year."

What buyers did find this year was movement in trade-up lines in several categories—lawn furniture, gas grills and mowers— and slower growth among the promotional goods in those same categories.

Buyers reported continued softness in the string trimmer category, but a boom in bug killers created another hot category to take up the slack, producing large volume from a small number of sku's.

Another development this year has been a burgeoning market in replacement parts: mower accessories and repair parts, replacement spools of string for string trimmers and replacement bulbs for bug-killer lights.

Discounters were generally pleased this year with the movement of high-ticket items such as lawn furniture and gas grills, though differences in weather caused spotty sales patterns nationwide in some patio goods.

In lawn furniture, several chains carried expanded assortments this season. S. E. Nichols devoted 50% more floor space and increased inventory investment by 15%. The chain added some wrought iron patio furniture last year and increased assortment this year by adding a padded aluminum set and a padded vinyl furniture set.

At Fishers Big Wheel, the chain added a three piece redwood-stained set of furniture and a three-piece set with an "ice cream parlor" look as step-ups from its more basic aluminum lawn furniture assortment. A spokesman at ALCO said the chain attended last month's hardware show in order to search for more redwood-stained furniture or wrought iron goods to add to its mix.

A spokesman at Zodys said the chain's excellent year in patio furniture—the best year since the gas crunch of 1978 for the Los Angeles-based chain—"was a recovery year for us. It has been a nightmare in patio for the previous two or three

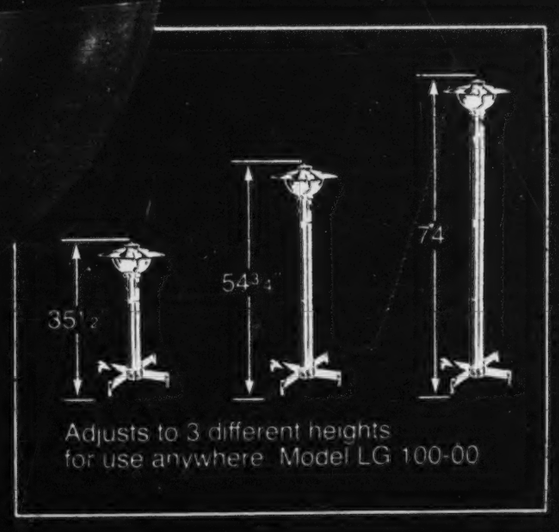
(Continued on page 117)

Mood Maker. Money Maker.
PATIOLITE
by ARKLA

Puts Outdoor Living in a New Light

• Portable • Adjustable Heights • Needs No Installation • Uses LP Gas • Matchless Ignition • Decorative • The Perfect Gift • Doesn't Attract Bugs • Meets UPS Shipping Standards

It's new! And it's from Arkla, the people who keep adding to the pleasures of outdoor living. It lights with a soft glow, not a harsh glare. Check the features. LP gas makes PatioLite portable and eliminates the cost of installation. Customers may start with one. But they'll be back for more. PatioLite. It puts people in the mood to buy!



Adjusts to 3 different heights for use anywhere. Model LG 100-00

PATIOLITE
by ARKLA

For complete information, contact Arkla Industries, Inc.
P.O. Box 534, Evansville, IN 47704

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STATIONERY

Discount Store Census '81/'82

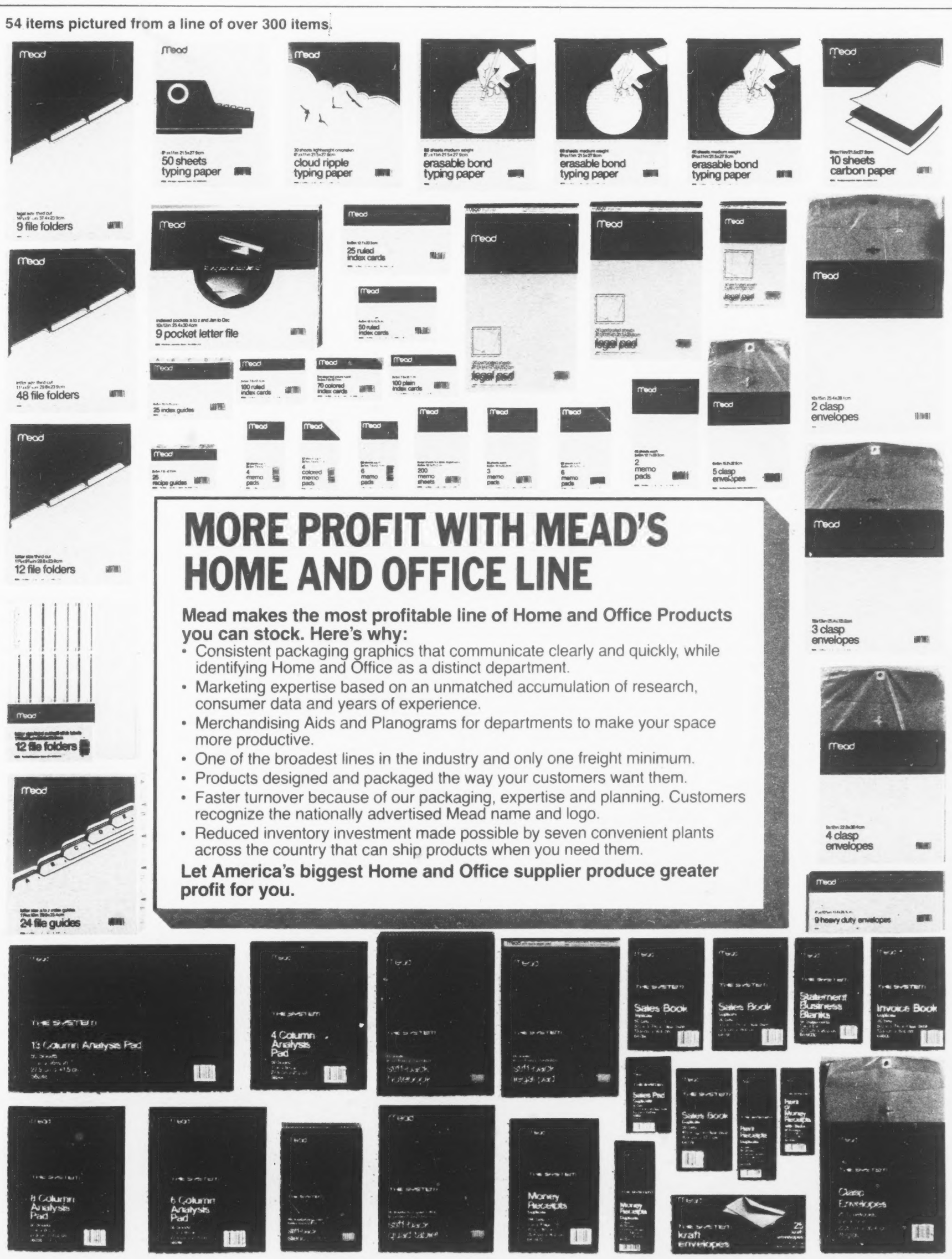
Home-Office Supplies Boost Dept.'s Gross Margin

Stationery

- *Discount Store Sales .. $1.5 Billion*
- *Sales per Store $184,000*
- *Department Size .... 1,750 Sq. Ft.*
- *Annual Sales per Sq. Ft. $105*
- *Annual Turns 4.0*
- *Initial Markup 42%*
- *Gross Margin 38%*

BOXSCORE

T.G. & Y., Houston, emphasized basics in its back-to-school promotions earlier this year, holding back on the recent industry trend to stock higher-ticket home office supplies. *(DSN photo)*


54 items pictured from a line of over 300 items.
50 sheets typing paper
cloud ripple typing paper
erasable bond typing paper
erasable bond typing paper
erasable bond typing paper
10 sheets carbon paper
9 file folders
9 pocket letter file
25 ruled index cards
50 ruled index cards
legal pad
48 file folders
100 ruled index cards
70 colored index cards
100 plain index cards
25 index guides
4 memo pads
4 colored memo pads
6 memo pads
200 memo sheets
3 memo pads
6 memo pads
2 memo pads
5 clasp envelopes
25 recipe guides
12 file folders
2 clasp envelopes
3 clasp envelopes
4 clasp envelopes
9 heavy duty envelopes
24 file guides
MORE PROFIT WITH MEAD'S HOME AND OFFICE LINE
Mead makes the most profitable line of Home and Office Products you can stock. Here's why:
• Consistent packaging graphics that communicate clearly and quickly, while identifying Home and Office as a distinct department.
• Marketing expertise based on an unmatched accumulation of research, consumer data and years of experience.
• Merchandising Aids and Planograms for departments to make your space more productive.
• One of the broadest lines in the industry and only one freight minimum.
• Products designed and packaged the way your customers want them.
• Faster turnover because of our packaging, expertise and planning. Customers recognize the nationally advertised Mead name and logo.
• Reduced inventory investment made possible by seven convenient plants across the country that can ship products when you need them.
Let America's biggest Home and Office supplier produce greater profit for you.
13 Column Analysis Pad
4 Column Analysis Pad
8 Column Analysis Pad
6 Column Analysis Pad
Sales Book
Sales Book
Statement Business Blanks
Invoice Book
Sales Book
Money Receipts
Money Receipts
Kraft envelopes
Clasp Envelopes

© 1981 Mead Products Dayton, Ohio 45463

Stationery gained ground in discount stores this year as retailers pushed open existing boundary lines to make room for new or expanded assortments of home office supplies.

Adding the higher-ticket and broader-margined home office merchandise including file cabinets, desks and desk sets, KD (knockdown) bookcases—or fleshing out existing programs with regulation (office) sized flex folders and paper goods, allowed many chains to compensate for the gross margin erosion they experienced on many basic items. The payoff was that industrywide, sales in the category advanced 7% to $1.5 billion.

Nichols, ALCO and Heck's were among the chains emphasizing home office in their back-to-school promotions earlier this year.

Nichols recently added 120 sku's of home office, and is projecting a 40% to 45% increase in sales as a result. The new items range from a compact carry-out desk to business forms and clasp envelopes. Gross margins in the newly expanded category will average 43%.

At ALCO, the buyer reported that "we're going to have a 20-ft. run of office-related items stacked 2-3 ft. high with shallow shelving. We'll also add some floor stacks and table features."

Heck's is looking for a 15% to 20% improvement in its stationery department's sales, the result of its having trimmed sku's on the stationery "side" in favor of flex-a-fold file and desk accessory sets available in three sizes.

Gee Bee, which reworked its stationery and home office department—giving it nearly twice as much floor space at 60 ft.—hoped for a 33% sales increase.

Still, not everyone is rushing headlong in the category.

T.G. & Y., for example, has decided to go slowly because "we've found that our basic staple items such as legal pads and index cards provide us with our best chances for a high markup," according to a buyer for the chain.

However, the chain did add floor safes, an item most discounters are still wary of.

The chain is adding an imported 146-lb. model to its mix which will retail for around $100.

Discount Store Census '81/'82

Jewelry Continues as Discounter Growth Category

Jewelry

- *Discount Store Sales .. $1.0 Billion*
- *Sales per Store $122,000*
- *Department Size ..... 550 Sq. Ft.*
- *Annual Sales per Sq. Ft. $222*
- *Annual Turns 3.1*
- *Initial Markup 48%*
- *Gross Margin 40%*

BOXSCORE

At Jefferson/Ward, Woodbury, N.J., suspended lighting and carpeted flooring echo the octagonal shape of the jewelry counter. *(DSN photo)*

Jewelry continues as a growth category for discounters, as total sales increase 12% to $1 billion in 1981.

But in its move to the front of the store—in terms of position, quality, price tags and service—the jewelry department is becoming a more expensive segment of the discounter's business.

Higher-price items require service in jewelry, as well as departments for other small items like calculators, fine pen sets and cameras. Some discounters are finding it increasingly attractive to maintain all of the high-priced items in one location, at the jewelry counter, or move the departments into adjacent areas.

K mart introduced the consolidation of calculators, cameras and jewelry in its Indianapolis store last year, and is installing it chainwide.

Layout Changed

Woolco used the same combination concept in its new prototype, positioning the department up front for the first time. Woolco also cut back on costume jewelry, in an effort to take pressure off the service department.

Although Zayre didn't combine jewelry with other small, high-ticket items, the chain has brought service counters for both into adjacent areas.

In its new prototype, Hills repositioned the jewelry department in the left front of the store, between health and beauty aids and ladies' accessories, giving it full frontage on the main race-track aisle. The chain polished off its counters with red velvet coverlets, for a more expensive look.

Upscaled Bradlees and Caldor also continue to refine the department-store treatment given their jewelry counters, moving them to central positions in front on the main aisle.

In new trends noted by discounters, children's jewelry is pinpointed as a burgeoning area. Earrings, pins, necklaces, bracelets and hair ornaments bearing Strawberry Shortcake and Sesame Street characters, and those fashioned after Crayola Crayons and Alphabet soup letters are hot items at Hills.

Customer reaction to the items prompted Hills to install a children's jewelry section near the jewelry counter in its Buffalo and Niagara, N.Y., stores.

Reduce Inventory Forty Percent Double Stock Turns

Everything-Up System

Conventional System

"...at a time when chains are struggling to control inventories, Everything-Up appears to be the right program at the right time."

Major trade publication, March 24, 1980

GIBSON/BUZZA'S EVERYTHING-UP SYSTEM™— THE MOST INNOVATIVE STOCK CONTROL CONCEPT IN DECADES.

With the prime rate at or near record high's, inventory levels must be your number one consideration.

Gibson/Buzza's Everything-Up System provides:

- **Industry's highest possible R.O.I.**
- **Industry's lowest packing**
- **Comprehensive merchandising and service support programs.**

For more information contact H.W. (Pinky) Halvorson, Vice President of National Accounts, (513) 841-6895.

Gibson Buzza

THE LOW INVENTORY PEOPLE

©GIBSON GREETING CARDS, INC., CINTI., OHIO 1981

PAINT

Discount Store Census '81/'82

High-Margin Private Label Lines Gain Ground

Paint

- Discount Store Sales .. $1.4 Billion
- Sales per Store $172,000
- Department Size .... 1,270 Sq. Ft.
- Annual Sales per Sq. Ft. $135
- Annual Turns 2.7
- Initial Markup 42%
- Gross Margin 37%

BOXSCORE

Discounters still rely on branded paint as a traffic draw, as evidenced in this stackout at Venture's Kansas City, Kan., store. Margins are often 10% or less. *(DSN photo)*

While discounter paint departments remain highly promotional on national-brand paint, increasing penetration of private labels is helping chains maintain high margins.

Annual turn of 2.7 in the department, initial markup of 42% and gross margin of 37% are unchanged from last year. Department size in the industry also remained constant over the past year, on average, at 1,270 sq. ft.

National-brand paints are still the traffic draws in discounter departments, though the 10% margin necessary to stay competitive in price has caused chains to emphasize their home brands. Private label paint carries margins of 35% to 40%.

S.E. Nichols promotes its private label paint every other week during the painting season, undercutting Glidden and DuPont stock by 25% to 35% in price. PL paint business has climbed from 15% of volume at the chain to 30% of volume, and is given the same 28 ft. of shelf space that the chain devotes to national brands.

Many other chains stock the department with a similar ratio of private label to national brand paint. Roses, which devotes 22 ft. to DuPont and 20 ft. to its own brand, stacks out its own brand at the front of the department. At Murphy's Mart, efforts to increase business on its own brand of paint include television advertising.

Several chains made significant merchandising changes during the year, contributing to the industrywide sales gain of 16.7% from a year ago. Discounter volume stands at $1.4 billion in the category, though per-store gains over a year ago hit only 7.5% (much of the total sales gain was from new-store growth). Buyers pegged cost increases in the department overall at 9%, putting unit sales slightly behind a year ago when inflation is factored out.

Major changes at K mart included dropping national-brand paint to focus exclusively on its own step-up paints, and grouping paint more tightly with other hardware categories in its new prototype stores (Indianapolis). Paint was tied in with lawn and garden, hardware, electric, plumbing and other departments to form an in-store home center set off by special blue and white signing.

(Continued on page 116)

SPORTING GOODS

Discount Store Census '81/'82

Exercise Gear, Rod/Reel Sets, Lawn Games Hot

Sporting Goods

- Discount Store Sales .. $2.7 Billion
- Sales per Store $331,000
- Department Size .... 2,500 Sq. Ft.
- Annual Sales per Sq. Ft. $132
- Annual Turns 2.9
- Initial Markup 36%
- Gross Margin 30%

BOXSCORE

Venture, Chicago, capitalized on the trend toward stay-at-home vacations by featuring a complete line of lawn games, including Cross Toss, badminton, and Frisbee. *(DSN photo)*

Increased promotional attention played a major role in making 1981 a good, but not great, sporting goods year.

Increased Advertising

While most promotions focused on popular categories such as exercise equipment, combination rod and reel sets and lawn games, some have also been seen in high-ticket items such as rods, reels and firearms.

Some high-margin fishing and camping accessories have also been drawn into the promotional action due to their traffic-pulling potential.

In 1981, the trend in discounter fishing and camping sections was to expand accessory assortments. In camping, many discounters looked to off-brand and import accessory items to build gross margins. Buyers reported the broadened selections also enhanced the image of their entire sporting goods departments. Discounters also used fishing accessories to help offset the margin-cutting in heavy promotional areas like combination sets, and the low initial markups of loose rods and reels.

Merchandising Move

Combination sets and terminal tackle and other accessories were also promoted throughout the year, resulting in margin erosion. An example of how buyers deal with this problem came from North Carolina-based Roses, whose buyer fine-tuned jobber servicing of his fishing departments by restricting item listings and planogramming layouts. Roses began its planogramming program with terminal tackle and lures, which led to the department's sales and profits growth as it kept up with these fast-moving, high-margin items.

Stem Distributors' Jim Sylvester reported that his discounter customers' rod and reel orders were up almost 50% and general tackle orders advanced 30% in 1981 as consumer interest in fishing gear produced strong results across the board.

ALCO was one chain that capitalized on heightened consumer awareness of fishing by stocking 20-25 basic combination sets, mostly Zebco products priced $7 to $40.

Another Approach

Another method of building more profitable fishing sections was by increasing the amount of import buying, especially of terminal tackle and other accessory items, which were already blessed with higher-

(Continued on page 113)

Discount Store Census '81/'82

Cassettes Do More Than 60% of All Tape Biz

Records & Tapes

- *Discount Store Sales .. $1.5 Billion*
- *Sales per Store $184,000*
- *Department Size .... 1,050 Sq. Ft.*
- *Annual Sales per Sq. Ft. $175*
- *Annual Turns 4.4*
- *Initial Markup 25%*
- *Gross Margin 18%*

BOXSCORE

Mays Family Centers builds its own fixtures for its record and tape department: slated wooden orange crate-like bins. Shown here in one of its Chicago stores. *(DSN photo)*

CHERRY HILL, N.J.— Cassette tapes now account for more than 60% of all tape sales, reversing the trend of past years when 8-tracks had the lion's share of the business.

Tape now accounts for 39% of total prerecorded music volume, up 20% over 1979, and 24% since 1978.

A survey just released by the National Association of Recording Merchandisers indicated a continuing slowdown in the sale of single records, a trend which is partly attributable to the recent decline in disco record sales. Disco, which swept the country by storm about five years ago, never created the expected nationwide sales increases. One retailer said the failure of disco was partly the fault of the promoters, who scheduled far fewer tours and media campaigns than they had for other kinds of music.

Changing trends in record sales by music category was also shown in the study: The rock, or pop category increased from 49% of total record and tape dollar volume in 1979 to more than 51% of 1980 sales. Country came close to the same percentage increase, with more than 14% of total sales. Disco almost disappeared as a category, capturing only 1% of total sales, down from 9.2% in 1979.

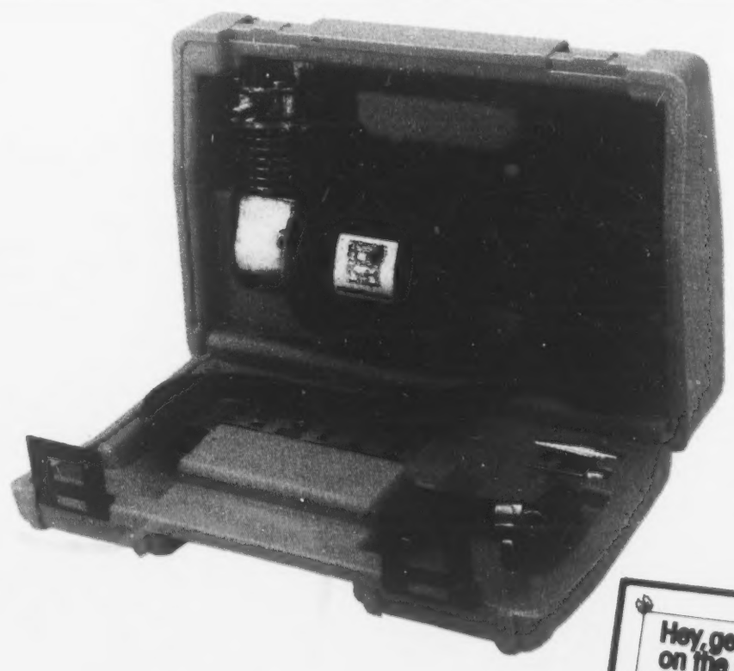
An analysis of types of record and tape products sold from 1979 to 1980 revealed that the percentage of records sold declined slightly, from 58.2% to 57.8%, along with a corresponding increase in the amount of prerecorded audio tapes sold, from 30.9% of total music products sold in 1979 to 31.7% in 1980.

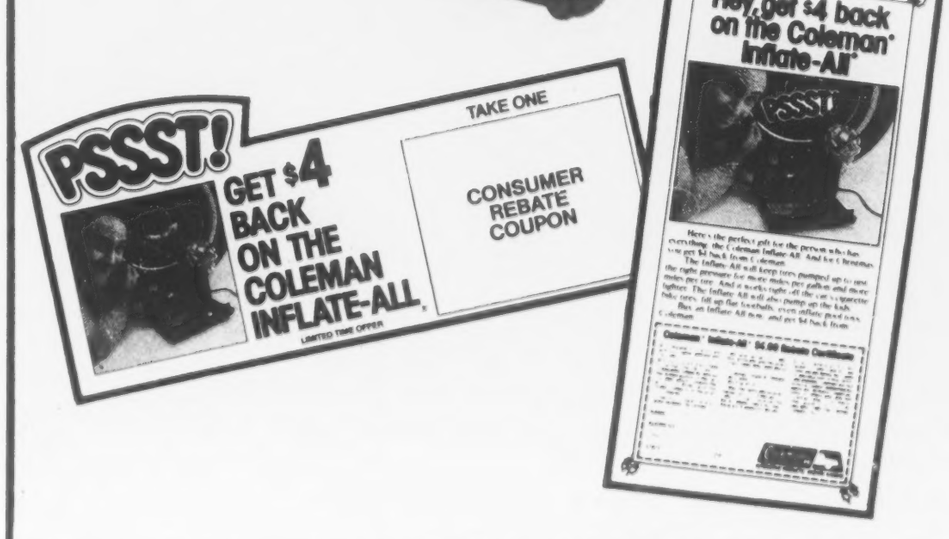
The survey also revealed that the percentage of albums sold against single releases has been increased annually. Album sales accounted for 90.7% of total dollar volume in 1980 against 9.3% of single releases.

Prerecorded tape sales also changed in the three-year period examined. In 1978, cassettes accounted for only 35.1% of total dollar volume while 8-tracks accounted for 64.9% of the business. In 1979 sales were almost evenly split, with cassettes registering 52.3% of total dollar volume and 8-tracks accounting for the remaining 47.7%. By 1980, the situation was reversed with cassettes accounting for 60.4% of total dollar volume and 8-tracks for only 39.6% of the business.

PSSST!

Here's one Christmas promotion that won't go flat.




PSSST!
GET $4 BACK ON THE COLEMAN INFLATE-ALL
LIMITED TIME OFFER
TAKE ONE
CONSUMER REBATE COUPON
Hey, get $4 back on the Coleman Inflate-All

The Coleman® Inflate-All® is this year's hot item for the handyman. And at Coleman we're backing it big with a $4 back Christmas Special.

The Inflate-All $4 rebate offer will be running in *Mechanix Illustrated, Popular Mechanics, People, Sports Illustrated,* and *Family Handyman.* And there's free point-of-sale promotion material for your store.

Your customers will be looking for the Coleman Inflate-All Christmas Special where they shop. Call your Coleman automotive rep now and ask about our special advertising and dating programs.

Coleman

AUTOMOTIVE PRODUCTS · WICHITA, KANSAS

Frank Kelly—National Sales Manager—
250 North St. Francis • Wichita, KS 67201
316-261-3214

The Coleman® Inflate-All®
$4 Back Christmas Special.

AUTOMOTIVE

Discount Store Census '81/'82

Resurgence Seen as Economic Slump Slows

Automotive

- Discount Store Sales . . $4.2 Billion
- Sales per Store $514,000
- Department Size . . . . 2,280 Sq. Ft.
- Annual Sales per Sq. Ft. $225
- Annual Turns 4.2
- Initial Markup 32%
- Gross Margin 27%

BOXSCORE

Air and oil filter sales are climbing as more motorists become even more concerned with engine efficiency. Wal-Mart, Victoria, Tex., features filters with other accessories. *(DSN photo)*

RAKE IN PROFITS THIS FALL.

SEPT. 15 TO OCT. 15, 1981
As the leaves turn color so should you turn a profit. That's why you have a whole month to enter Trop-Artic Motor Oil's big fall promotion.

$1.50 OFF EVERY CASE
of Trop-Artic Motor Oil purchased between September 15 and Oct. 15, 1981. To qualify for your rebate all you have to do is advertise Trop-Artic between September 15 and November 15, 1981.

WE PAY YOUR ADVERTISING.
Phillips will reimburse 100% of your actual costs for approved advertising up to 36¢ a case. Remember, the more you advertise, the more you sell.

BIG CONSUMER INCENTIVE
Trop-Artic 6-packs will feature a coupon that allows the consumer to order a super-useful 4-in-one fluorescent LUMILITE lantern for only $12.95. (That's a 50% saving over retail cost.) A sure-fire way to light up the consumer's desire for Trop-Artic.

FOR FULL DETAILS
contact a member of our Trop-Artic sales force or Paul Shipman, Jr., Lubricants Marketing Development Section, Phillips Petroleum Co., 7C11 Adams Building, Bartlesville, Oklahoma 74004. (918) 661-6692.

PHILLIPS 66

Discounters are regarding 1981 as a bounce-back year in automotive, thanks to a slowing of the economic slump that curtailed growth in 1980.

Renewed sales strength in waxes and polishes, foreign car parts, functional accessories and chemicals have all contributed to healthy volume gains in the automotive category.

Total discount store automotive sales rose 11.9% to $4.2 billion in the last 12 months, while sales per store averaged $514,000 annually, a 4.4% increase over 1980. Much of the improvement has come from poly waxes which have margins that are about five percentage points higher than those on regular waxes; and chemicals, which have turned out to be one of the brighter areas in automotives this year.

Annual sales per square foot went ahead 4.4%, from $215 to $225, while initial markups hit 33%, a 3.1% increase since 1980.

These gains, however, were registered at the expense of annual turns which slipped from 4.5 in 1980 to 4.2 this year. Average department size and gross margin remained unchanged from last year's 2,280 sq. ft. and 27%, respectively.

While not every buyer was bullish on the category, many are confident that the do-it-yourself trend and strong regional economies could push sales up by 25% this year, principally because of a strong winter season.

Buyers are particularly looking for chemicals to be a red-hot category throughout the fall and winter season—a marked improvement over sales during the past two winters, which were hurt in the North by unseasonably warm weather. Heck's automotive buyer is looking for chemicals to be his leading growth category--with projections for department sales to increase 8% to 10% this year—because of early predictions of a severe winter in the Northeast quadrant of the country.

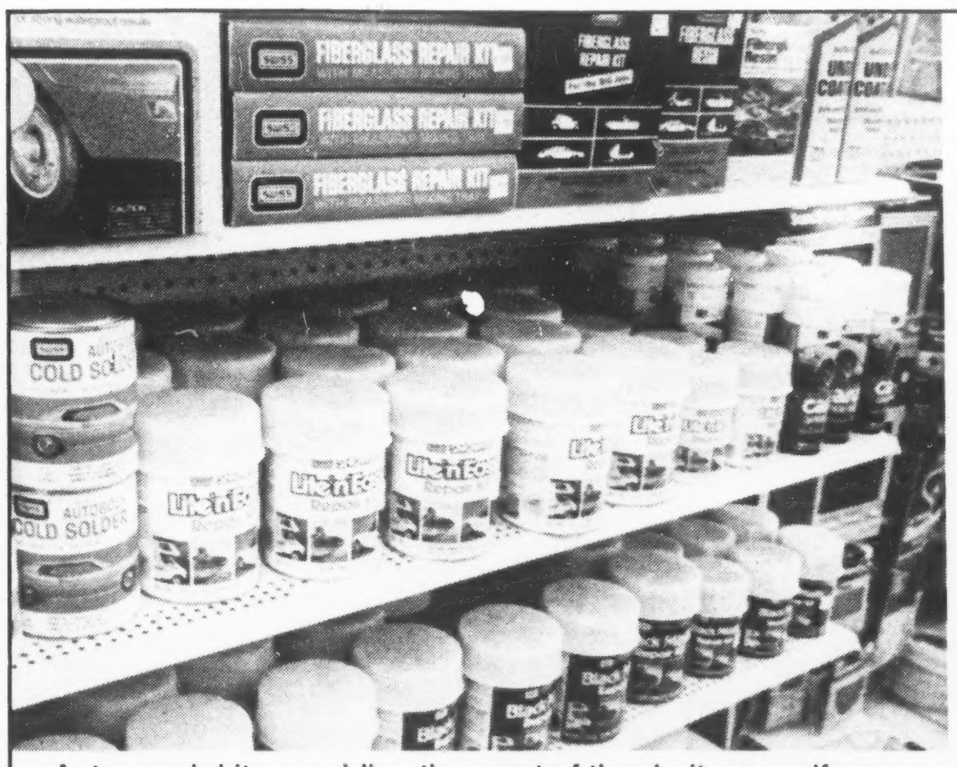
The cold weather that hit much of the country in early January was partially responsible for good first-half chemical sales. A Lloyd's buyer said the chain had planned to sell 400 cases of gas line antifreeze, but sold 1,000 instead, in a single month. The buyer hopes that similar conditions will return in late November to prompt cate-

(Continued on page 87)

AUTOMOTIVE

Discount Store Census '81/'82

Functional Accessories Labeled Growth Area



Auto repair kits are riding the crest of the do-it-yourself wave and gaining more space in discount stores. They are shown in Fishers Big Wheel, North Royalton, Ohio. *(DSN photo)*

Motor oil is still a must-have category—even though "everyone," including supermarkets, stock the item. Mix is shown at Zayre, North Miami. *(DSN photo)*

(Continued from page 86)

gory sales to skyrocket once again.

Poly waxes is another area which will reach its full potential in 1981, according to discounters. At first, buyers stocked only one or two units of the new waxes. However, discounters have been moving heavily into the market lured by margins that can run five percentage points higher—on price points that are two to three times greater—than those of regular waxes.

The growing number of motorists who elect to hold on to their cars rather than trade them in is also expected to aid automotive sales, particularly of those items aimed at the do-it-yourselfer.

Items such as hydraulic floor jacks, oil filters, chemicals, and motor oils were strong performers in 1980, and they all continue to do well this year as motorists increase maintenance on their cars, according to figures made available by distributor Allied Parts and Accessories Co.

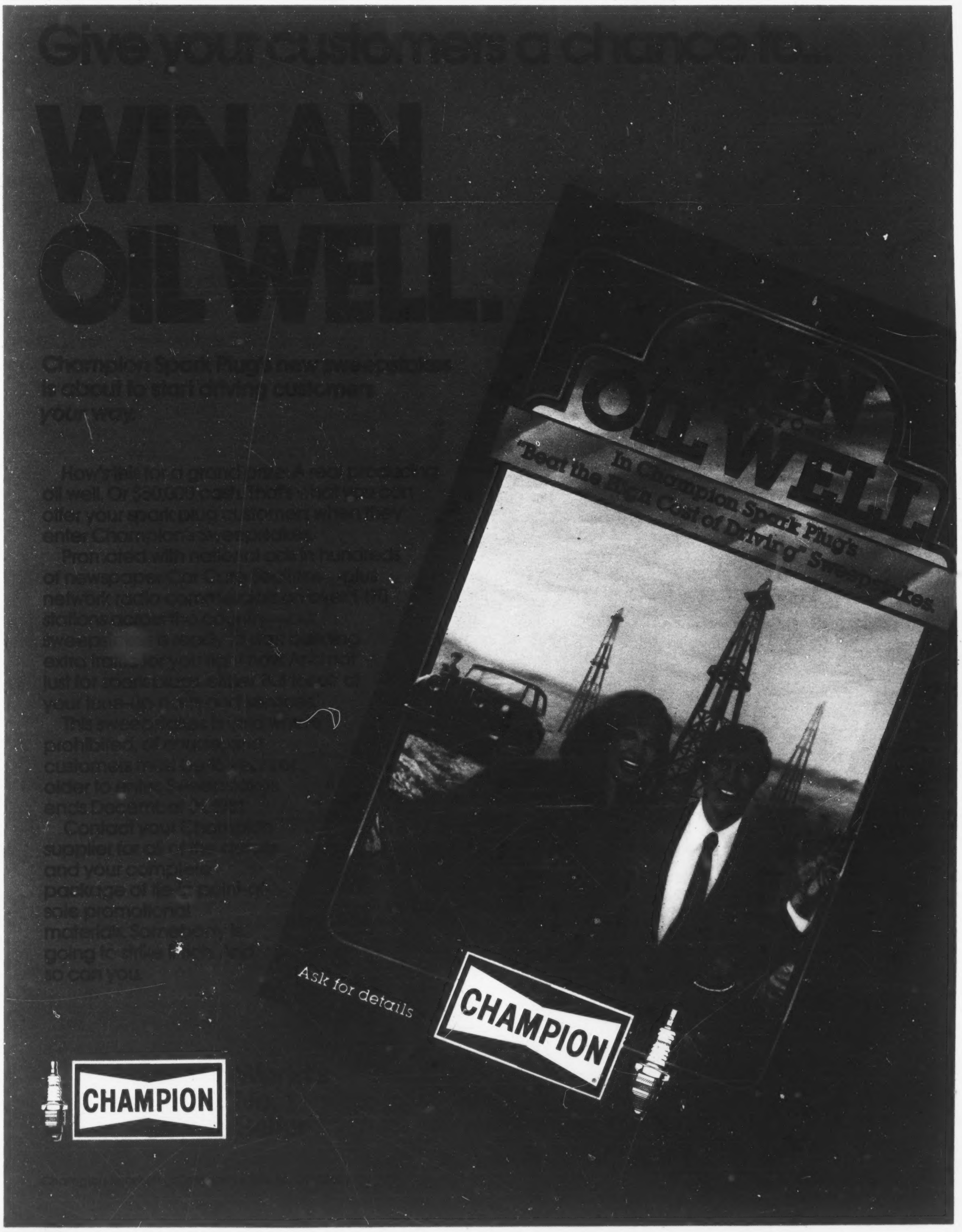
Mufflers also sold well this summer and so did oil and air filters, sealed beams and body fillers.

Several discounters reported spark plugs and tune-up kits continued to drop in sales. Technological obsolescence and the greater number of four- and six-cylinder cars on the road are contributing to the sales slowdown. On the other hand, spring promotions boosted motor oil sales as buyers capitalized on customers getting ready for increased summer driving.

Functional accessories have also been spotted as a growth area. Discounters are now predicting a good year in 1981, with strong sales of items such as floor mats, wrench sets and some fringe dress-up items. Buyers admit this optimistic talk is in sharp contrast to what they were saying last year, when higher gas prices and reduced driving were expected to cause a downturn in accessory sales.

Jefferson/Ward was one chain reporting success in marketing fringe accessory items. In one three-day promotion period earlier this year, the Miami-based retailer beat its projections nearly six times over, selling 800 pieces when it figured to sell 144.

Foreign auto parts are also gaining more discounter floor space this year.



BEST AVAILABLE COPY

CONSUMER ELECTRONICS

Discount Store Census '81/'82

Gross Margin Dips Despite Rise in Biz, Turn

Consumer Electronics

- Discount Store Sales .. $3.6 Billion
- Sales per Store $441,000
- Department Size .... 2,000 Sq. Ft.
- Annual Sales per Sq. Ft. $221
- Annual Turns 3.0
- Initial Markup 28%
- Gross Margin 18%

BOXSCORE

Maxway, Sandersville, Ga., merchandises big-ticket consumer electronic items—TVs, microwaves and car stereos—together in a single serviced department. *(DSN photo)*

Pocket-sized stereos with headphones, off-brand black and white TVs and miniature stereos boosted consumer electronic department productivity in 1981. But the increased volume and turns came at the expense of gross margins which declined, compared to the previous year.

As a new product, video cassette recorders (VCRs) triggered a lot of excitement this year, but most discounters elected to pass up the big ticket items, preferring to wait until technological advances knock the price down. Some discounters, however, have elected to carry the softwear—prerecorded movies and tapes—that go with them.

Discounters are also generally taking a wait-and-see position on video disc systems, despite their lower (than VCR) price points. The main drawback here is the lack of compatible technology. The discs and players of the industry leaders—Pioneer, RCA and Panasonic—are not compatible.

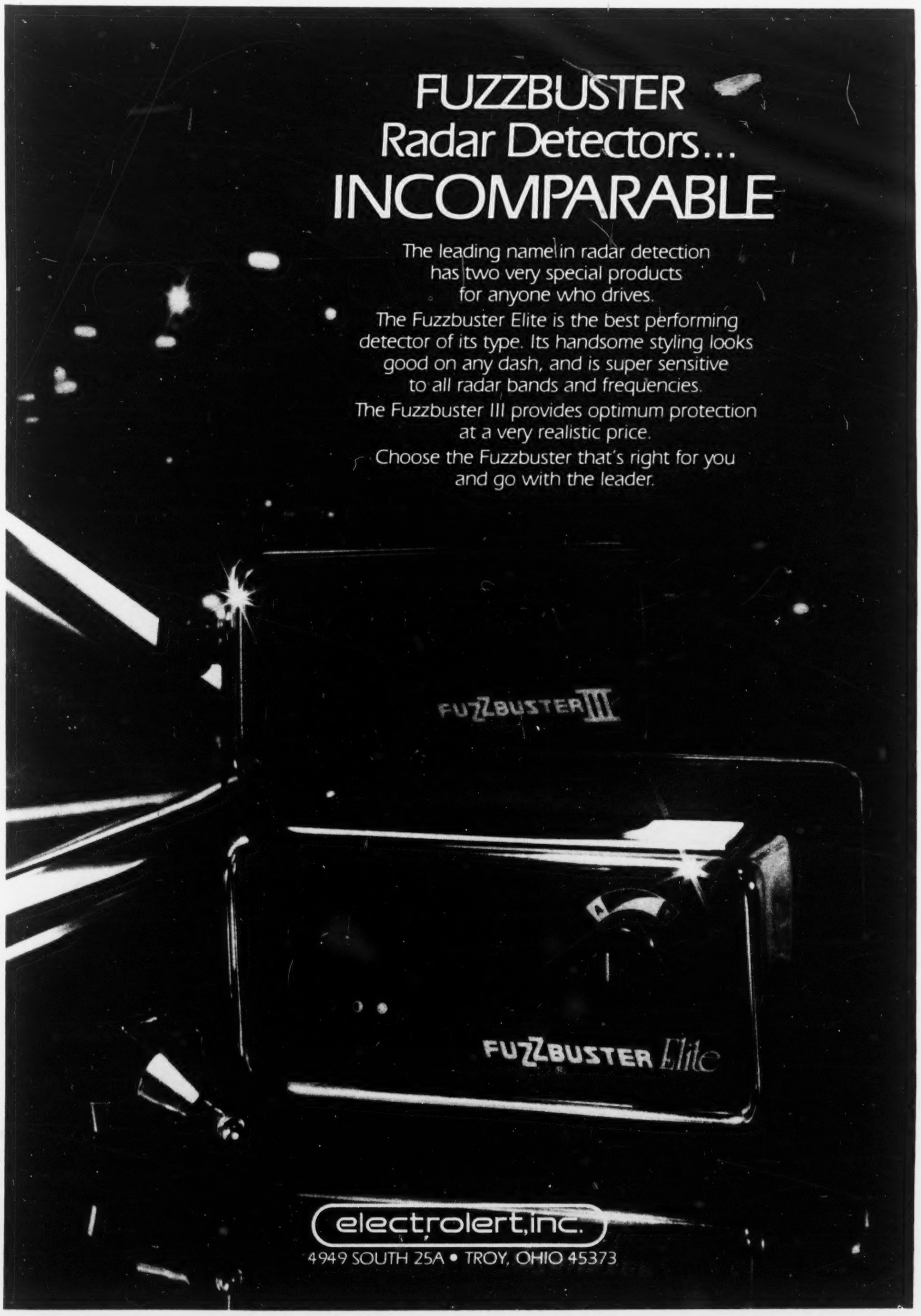
TV sales were good this year at most chains, although discounters remain divided over which merchandising strategy would serve them best: going with branded merchandise at higher price points or having the sharpest price in town with off-brand sets. K mart, Woolco and Zayre were among the chains using off-brand black & white units to keep a $69 promotional price point.

For discounters taking the brand name route, margins of 15% and lower were common, forced down by competition. Discounters who heavily promoted off-brand models found themselves tagged with a promotional reputation they could not rid themselves of.

As a result, Danners tried a two-pronged strategy, running two TVs per advertisement: one, a promotional set at a competitive price, and the second at $20 off the everyday price rather than at a deep discount price.

At Woolco, a buyer noted that the chain advertised extensively to build its volume in the category—twice a month on a national basis in peak seasons—using off-brand imports for sharp pricing at the low end, while relying on RCA, Zenith and G.E. as trade-up models. In color sets. Woolco also used

(Continued on page 116)


FUZZBUSTER
Radar Detectors...
INCOMPARABLE
The leading name in radar detection
has two very special products
for anyone who drives.
The Fuzzbuster Elite is the best performing
detector of its type. Its handsome styling looks
good on any dash, and is super sensitive
to all radar bands and frequencies.
The Fuzzbuster III provides optimum protection
at a very realistic price.
Choose the Fuzzbuster that's right for you
and go with the leader.
FUZZBUSTER III
FUZZBUSTER Elite
electrolert, inc.
4949 SOUTH 25A • TROY, OHIO 45373

Discount Store Census '81/'82

Promo Increase Cuts Initial Markup, Margin

Hardware

- *Discount Store Sales . . $3.9 Billion*
- *Sales per Store $478,000*
- *Department Size . . . . 3,215 Sq. Ft.*
- *Annual Sales per Sq. Ft. $149*
- *Annual Turns 2.8*
- *Initial Markup 41%*
- *Gross Margin 36%*

BOXSCORE

May's Family Centers in Chicago caters to older, urban clientele by stocking wooden rather than aluminum ladders. Hobby benches, a growth category, get endcap. *(DSN photo)*

Initial markup and gross margin were both whittled in discounter hardware departments over the past year, as chains sharpened pricing and promotions in the face of soft sales.

As an executive at Stem Distributing commented at midyear: "We are seeing a large increase in promotional efforts among our discounter customers. There are now 12 to 14 promotions where we saw six or seven two years ago."

Efforts to increase volume produced sales gains of 8.3% industrywide from a year ago, as total sales hit $3.9 billion. Sales per store rose a meager 3.7%, though, and gross margins shrank 2.7% from last year's industrywide level of 37%, while initial markup was smaller by 2.4% (from 42%). Turns in the department have also decreased. Last year, annual turn averaged 2.9; this year's average was 2.8.

By product category, ceiling fans were the hot summer seasonal item, while buyers look to chainsaws and auxiliary heaters for fall growth. Some of the softness in the department had been due to promotional power tools.

Buyers report that promotional power tools are not moving as well as in the past—market saturation and pricing are cited as factors. Unlike the past several seasons, when product shortages were at times critical, plenty of product is available this year. Movement is in higher-ticket power tools, however, such as Black & Decker's Value Plus line.

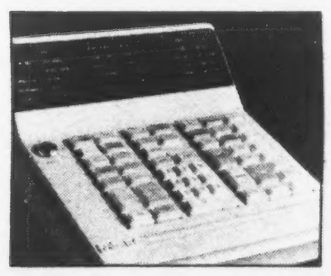
In hand tools, while a great deal of volume is still generated in promotional socket sets (imports, primarily), buyers report, there has been a move to trade-up hand tools. Distributor figures show excellent movement of a Stanley hammer which breaks the $10 price point, for instance.

Tools which were used to fill dump tables at $1 price points in the past are now averaging more than $1.50, and are increasingly merchandised on freestanding pegged displays and endcaps.

In the electrical category, changes in quality control specifications for Underwriter Laboratory (UL) listing in 1980 generated increases in extension cord prices near 25%, resulting in a sales slowdown.

(Continued on page 94)

NCR and Meijer... How we helped a hybrid grow.



Meijer, Incorporated, headquartered in Grand Rapids, Michigan, is a unique company, with unique needs.

Meijer operates three supermarkets, four drugstores, and nineteen specialty clothing shops, but it's best known for its 28 Thrifty Acres "hypermarkets".

Each Thrifty Acres combines a traditional full-line supermarket and a complete general merchandise operation under one vast roof. The smallest Thrifty Acres covers 64,000 square feet, while the three largest expand over 248,000 each.

What Meijer needed to make the Thrifty Acres concept work was a POS system that could handle all the needs of a foodstore — food stamps, coupons, check validation, *plus* additional general merchandise checkout needs, including layaways and bank credit cards. Meijer also wanted a system that would be upgradable to scanning.

When Meijer offered its Thrifty Acres challenge, NCR was the one company that came through. Using our 97 years of experience in retail information processing, we worked with Meijer people for nearly a year, developing the 2552 integrated checkout system that would meet the Thrifty Acres requirements.

Today, Meijer's Thrifty Acres all have NCR scanning systems. In fact, Meijer is one of the reasons NCR is Number One in scanning installations today.

To learn more about how NCR can help solve your special data processing problem, contact your local NCR representative. Or write to Retail Systems, Box 606, Dayton, Ohio 45401.

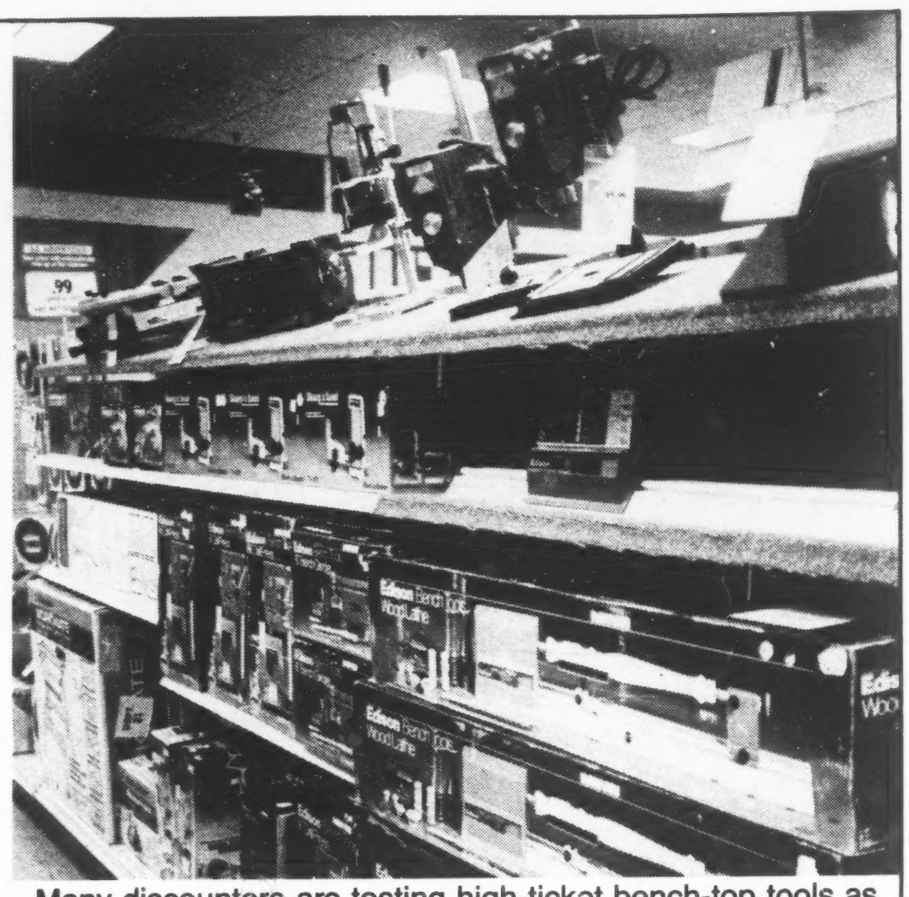
NCR
Complete Computer Systems

HARDWARE

Discount Store Census '81/'82

Kerosene Heaters, Bench-top Tools Are Touted

High-margin accessories are cross-merchandised with power tools at this Roses in Pulaski, Va. Discounters commonly run power tools at cost. *(DSN photo)*



Many discounters are testing high-ticket bench-top tools as possible volume builders. This display is at Bradlees, North Brunswick, N.J., store. *(DSN photo)*

(Continued from page 93)

Sales of electrical categories overall are up near 8% over last year.

Most excitement during the first half of the year in the hardware department was generated by ceiling fans, in the first real "boom" year for the category. Buyers still consider it a virgin market and look for strong growth again next year. Murphy's Mart ran with two models this year and tested a third, after last year's results convinced the chain that "the lowest ticket may not be the best in the category."

Most chains ran with a promotional model and at least one trade-up during the year, as Heck's did. Pamida carried several sku's with a promotional 36-in. model and higher-ticket 48-in. and 52-in. units. K mart offered a broad assortment of fans in its stores with building supply departments, carrying a wood-bladed fan at the high end with an everyday price of $238.

At T.G. & Y., where the category was called "the biggest growth category" in hardware, six sku's were imported from the Orient, giving the chain extra margin points on the units.

Bradlees extended its assortment of middle-price ceiling fans this year, Danners (3D) added two step-ups to its assortment, and Jefferson/Ward supplemented its Montgomery Ward models with stock from outside vendors for a 10-sku offering.

For the second half of the year, buyers look to auxiliary heaters for strong volume in the department, and hope that new product and promotional plans in power tools will overcome the slowdown in that category.

Discounters will be marketing kerosene heaters increasingly this fall, in addition to stocking quartz or basic electric portable heaters. Buyers will use the items heavily as traffic draws in fall programs.

Murphy's Mart, which ran one kerosene heater last fall, plans to add a trade-up this year. Jefferson/Ward added kerosene heaters for the first time this year, and ALCO's plans call for an entry in the category this fall, also for the first time.

Two factors are looked to by discounters to stimulate sag-

(Continued on page 95)

DOWGARD L
YOUR OWN
During the key selling season of 10/1/81 through 11/15/81 Dowgard® Coolant/Antifreeze offers you the opportunity to create traffic and increase margins by choosing the option most suited to your merchandising needs.
FREE Motor Oil†
(†Up to a $3.00 Refund By Mail)
when you buy 2 gallons of Dowgard® Coolant/Antifreeze and any motor oil
Dowgard
PREMIUM PROTECTION
✓ COOLANT
✓ ANTIFREEZE
✓ CORROSION INHIBITOR
MOTOR OIL
OPTION #1
FREE MOTOR OIL!
When your customer buys 2 gallons of Dowgard and any motor oil, he will receive by mail a check for the purchase price of the motor oil (not to exceed $3.00).

HARDWARE

Discount Store Census '81/'82

T.G. & Y., Bradlees Drop Home Improvement

Jamesway's plumbing endcap features broad-appeal item: energy-saving replacement showerhead. The home improvement center is in the chain's Flemington, N.J., store.

(Continued from page 94)

ging sales in power tools—Black & Decker's promotional plans, and a move to higher-ticket bench-top tools by consumers.

Major supplier Black & Decker is planning a $5 rebate program on four power tools for the Christmas season (Value Plus tools, not the promotional line). The manufacturer is also introducing new bench-top tools and an electric stapler and nailer.

Several chains are also finding movement in bench-top tools such as drill presses and bench grinders, at price points in excess of $50 and $100. Pamida is testing drill presses at $99 in some stores. Murphy's Mart is importing a promotional drill press which undercuts domestic models in price. Gee Bee has been able to triple volume in power tools this year, largely through high-ticket stock added to its assortment. Hand-held power tool space was cut at the chain, and bench grinders and drill presses were added. Tickets go to more than $200.

Profitability, rather than the 5% margins common on many hand-held power tools, runs to more than 30% everyday margins in bench-top tools. The trend has carried chains such as Bradlees into price points higher than it carried in the past. (Four sku's in bench-top tools were selling at $65 to $110 in Bradlees during the year.)

Despite optimism for a pickup in power tool sales, buyers are keeping tight rein on inventories. A spokesman at Hardware Distributors noted: "Our approach in power tools will be conservative because the business has just not been good since last Christmas."

Among the changes at floor level since last fall, both T.G. & Y. and Bradlees abandoned the home improvement business, while K mart set up a new home center prototype.

T.G. & Y. decided to pull back from most lumber offerings (with the exception of promotional paneling, 2x4's and a few sku's of plywood) and expand basic hardware assortment by 18% to 22%. The expanded assortment went to categories such as plumbing, electrical and paint.

Bradlees also dropped out of home improvement over the past year, primarily because the 17 home improvement centers in the chain ran counter to the self-service philosophy, a spokesman at the chain said. Dropping lumber and paneling has freed up inventory dollars for knockdown furniture and home decor items.

K mart has tied together formerly dispersed departments such as building materials, hardware, paint, electrical and lawn & garden into a special home center section in its latest prototypes. The home center is set off from the remainder of the store by special blue and white signing.

ETS YOU PICK
PROMOTION
Up to a
$3.00 REFUND
ON ANY
Oil Filter
By Mail when you buy 2 gallons of Dowgard* Coolant/Antifreeze and any oil filter.
Dowgard
PREMIUM PROTECT
COOLANT
ANTIFREEZE
CORROSION INHIBITOR
OIL FILTER
OPTION #2
UP TO A $3.00 REFUND ON ANY OIL FILTER!
By mail, when your customer buys 2 gallons of Dowgard and any oil filter.
OPTION #3
SAVE $3.00 ON DOWGARD
Your customer receives by mail a $2.00 refund and a $1.00 store coupon good on his next purchase of Dowgard, when he submits 2 Dowgard proofs of purchase.
SAVE $3.00 †
†$2.00 Cash Refund PLUS $1.00 Store Coupon good on your next purchase of Dowgard
By Mail when you buy 2 gallons of Dowgard* Coolant/Antifreeze
SAVE $1.00 ON YOUR NEXT PURCHASE OF Dowgard* Coolant/Antifreeze
Dowgard
PREMIUM PROTECTION
COOLANT
ANTIFREEZE
CORROSION INHIBITOR
*Trademark of The Dow Chemical Company

Home Security

(Continued from page 67)

assistance at store level, a spokesman at the chain said. Since the switch to the camera department, where they are staffed full time, sales of the consoles have tripled.

In more basic home security items, such as door locks, growth over the year split according to market type: Generally, those chains in metropolitan markets reported strong sales gains in both dollars and units while chains in more rural markets reported a slow year. Most growth came from trade-up sku's, such as better padlocks and deadbolt door locks.

A spokesman at Wal-Mart said locksets and deadbolts increased slightly over last year in volume but no unit in the 60-sku category registered a significant increase.

At Ames, where stores are not in large markets, a spokesman characterized locks as a slow category (the chain devotes only 6 sq. ft. of space to them). Better-model padlocks were top sellers this year, though, with a high-end $6.99 padlock outselling the low-end $1.49 model.

Locks were also reported to be slow movers at Heck's, with most of the chain's 10% sales growth in the 25-sku category coming from new stores. At Zodys, a division of Hartfield-Zodys, the 55 sku's of locks are selling slightly better than they did last year, according to a spokesman there.

Gibson's is one chain which has seen a significant increase in lock volume, in part due to an expansion of the cateogry to 75 sku's. A buyer at the chain said highly publicized crime increases in the Greater Houston Area also helped sales.

Distributors have noted the move to deadbolt locks as well. Hardware Distributors expanded its assortment in locks by 20% this year to meet discounter customers' demand. At the high end, the distributor added deadbolts at $22 to $24.

Buyers also gave mixed reviews to automatic garage door openers. Sales are running ahead of last year at Woolco, and a spokesman at the chain said he expects the items to become a staple.

TOYS

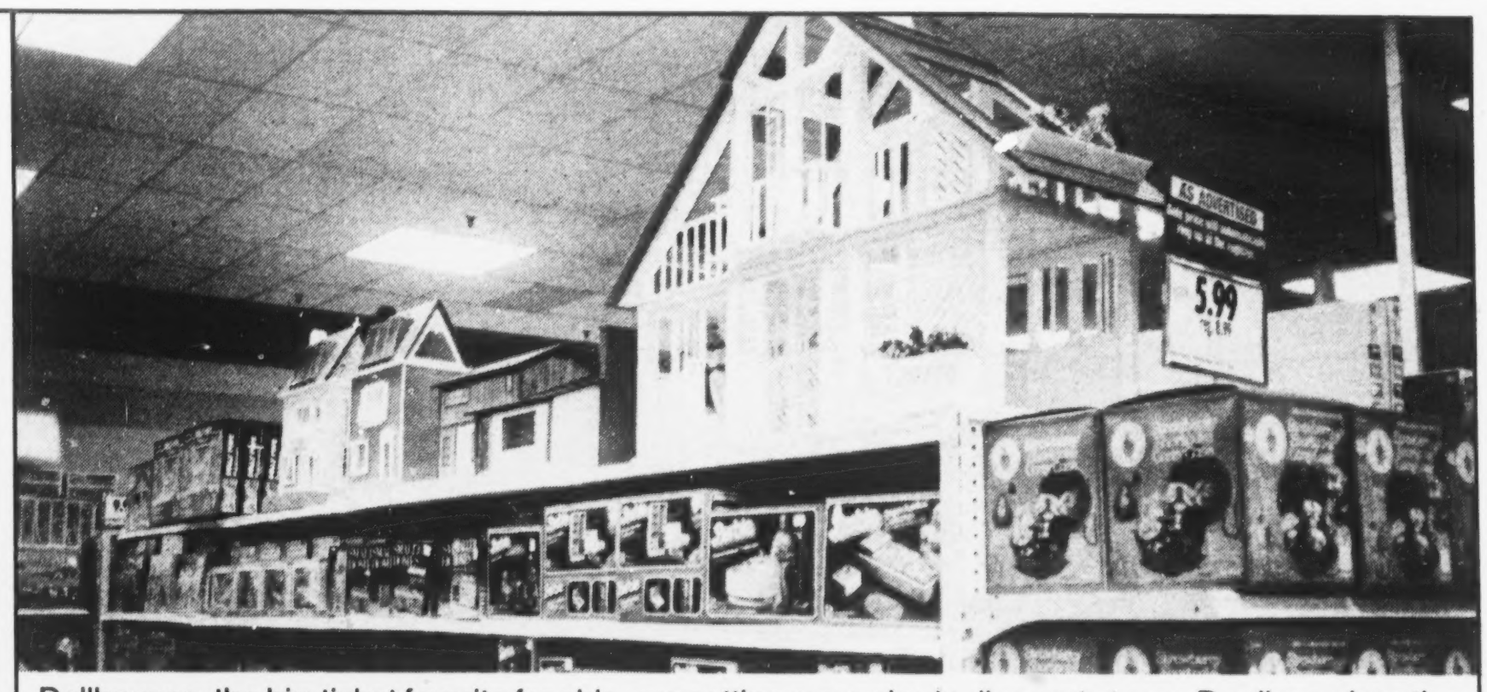
Discount Store Census '81/'82

Buyers to Bet More Christmas $$ on Basics

Toys

- Discount Store Sales . . $3.2 Billion
- Sales per Store $392,000
- Department Size . . . . 2,660 Sq. Ft.
- Annual Sales per Sq. Ft. $147
- Annual Turns 3.6
- Initial Markup 35%
- Gross Margin 28%

BOXSCORE



Dollhouses, the big-ticket favorite for girls, are getting more play in discount stores. Bradlees gives the category—with accessories—a full aisle in its North Brunswick, N.J., store. *(DSN photo)*

Basics are becoming a force in discounter toy departments.

Buyers are hoping that by placing a larger portion of their 1981 Christmas dollars on basics such as preschool, die-cast, and models, they will be able to avoid the excessive carryover (due to consumer resistance) and low gross margins that plagued them last year in heavily footballed areas like electronic games and TV dolls.

Buyers expect board games, which lost a chunk of their profit power and became pawns in last season's promotional battles, and models to rebound in time for this year's holiday season. In 1980 such favorites as Monopoly, Clue, Scrabble, and Operation were best sellers, but many discounters were forced to sell various models below cost in order to maintain their discount image. (Monopoly was at the center of last year's markdown madness, with at least one discounter promoting the game at $3.99, and others struggling to remain competitive.)

In preschool toys, most buyers agree that it is still important to carry the well-known name brands such as Fisher-Price and Playskool because customers associate these names with quality and play value. But, some felt that as prices continue to climb consumers may become less willing to pay the difference for that perceived quality.

One buyer, T.G. & Y.'s Jim Hogle, rebuilt his preschool assortment, maintaining an average $5 price point and holding the number of sku's constant. Hogle also shifted some preschool sku's from name brand items to a private label program with more reasonable price points.

A Heck's buyer is also emphasizing lower-ticket preschool items, many of them retailing for under $10. "With today's economy, the most important ingredients in a successful preschool selection are price point and good play value," he explained. "We look to price points rather than brand name as the most important element in building our preschool line."

Fishers Big Wheel will also seek to avoid past mistakes by sticking to a price range between $3 and $12, with an average price of $6.50. "Prices for preschool items have gotten out of hand. The economy has put a damper on spending, and the customer will not pay those kinds of prices anymore," said the buyer, who added that last season's unit sales registered a

(Continued on page 99)

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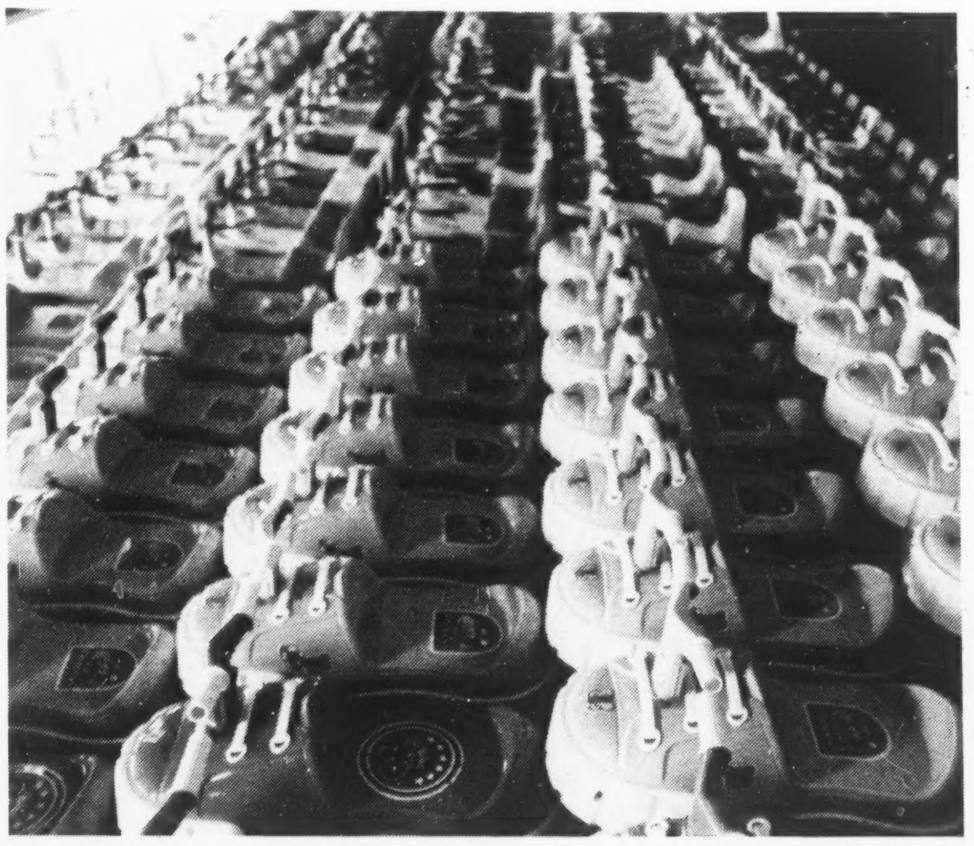
Discount Store Census '81/'82

Plastic Models Gain; Chains Upgrade Selection



Wal-Mart went up, up and away with an assortment of plastic "riders" in the toy department, as seen in its Moore, Okla., store. *(DSN photo)*

While discounters reported consumer resistance to high-priced electronic toys, they remain a must-have category, as shown at Caldor, Woonsocket, R.I. *(DSN photo)*

(Continued from page 97)

10% decline from 1979's total business.

A similar battle is being waged in the die-cast toy area, where lesser-known brands are struggling to gain a foothold against the big two—Matchbox and Mattel's Hot Wheels.

Buyers said there is now more consumer acceptance for names such as Corgi and Tomy, and for the import lines from JRI, Kidco and Zee.

Last year, Bradlees successfully gave over 32 running feet of wall space to its die-cast toys, expanding its assortment to 50 sku's. Similar stocking will take place this holiday season. The buyer at the Massachusetts-based chain said that the category was growing because of the low price points that gave the young consumer a good buy for his dollar.

Another benefit connected with the category is its minimal promotional activity, an element that will allow buyers to maintain the high markups the off-brands carry. During last year's fourth quarter there was very little promotional activity in this category, and this Christmas season buyers say the trend will be very much the same, with chains tending to run only one or two "stocking stuffer" promotions.

Buyers are also placing their dollars and confidence in plastic models, as last year's trend—steadily increasing unit sales due to consumer responsiveness to upgraded assortments—continues.

However, this year buyers are stocking more middle- and high-end models, and reducing the extensive selection of lower-end models.

This trade-up strategy was taken by New York-based S. E. Nichols, where buyers changed the model mix to one weighted heavily in favor of midpriced models. Previously the chain's mix was strongly in favor of low-end stock.

Licensed products will also continue to be best sellers this Christmas. The Dukes of Hazzard, Star Wars and Strawberry Shortcake are high on the list of discounters' favorites for this holiday season, and already discounters are reporting that they are having trouble getting enough of the character-imprinted items onto their selling floors.

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Discount Store Census '81/'82

Woolco, Hills Prototypes Upgrade Presentation

Men's & Boys' Wear

- Discount Store Sales .. $6.1 Billion
- Sales per Store $747,000
- Department Size .... 7,560 Sq. Ft.
- Annual Sales per Sq. Ft. $99
- Annual Turns 3.9
- Initial Markup 41%
- Gross Margin 33%

BOXSCORE

Wal-Mart introduced fashion fixturing in its apparel departments last year, as in Moore, Okla., store. Hard lines kept their traditional mass display presentations. *(DSN photo)*

Discount stores are instituting their own version of the Equal Rights Amendment: strengthening men's apparel, by giving it the same high-profile, trade-up treatment that ladies' apparel has been enjoying.

New Approach

A year ago the big news was K mart's unveiling of a new, more fashionable presentation. This year Woolco and Hills deserved attention.

The fashion image spilled into new prototypes for Woolco and Hills in 1981, and continued to be refined in historically trade-up chains like Caldor.

Woolco is going after a higher-income (male) shopper in earnest with its new prototype, which features new fixturing, up-front displays of branded goods and the introduction of new fabrications in casual wear. In addition, the chain is testing the split merchandising of its boys' wear: Junior boys' is positioned between girls' and infants' on the left side of the infield; older boys' is on the right with men's.

Setup Is Refined

Among new fixtures were freestanding wood and chrome units with waterfall extenders for coordinate displays.

These units exhibited Woolco's entry into the designer apparel market, decked with Sergio Valente jeans and coordinating western tops. In nearby plexiglass cubes were Woolco's own Frog label knit shirts, displayed by color in much the same way Izod LaCoste is in department stores.

Further Attempts

Hills continued to upgrade its men's and boys' wear sections, using fashion-clad mannequins in crow's nest displays to show customers the way to the department. Dressed in western wear ensembles, the mannequins were draped with accessories to complete the fashion look.

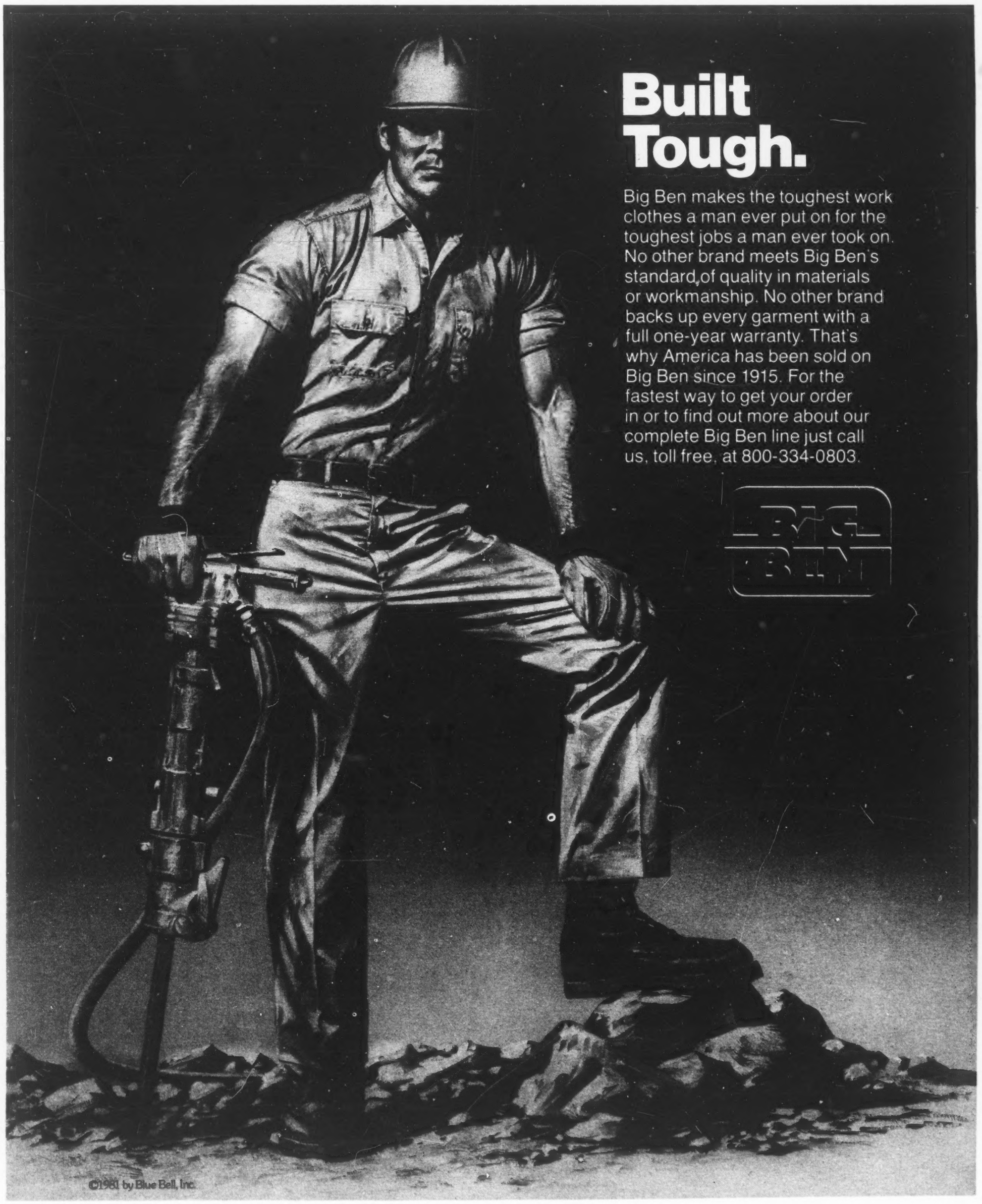
Other discounters emphasizing the continuing fashionability of men's wear included Target, Wal-Mart and Clover.

Different Emphasis

Target moved the department out front in its Nashville prototype. While not ignoring the western look, the chain emphasized the latest fashion options, including cotton shirts and cotton baggy slacks.

Wal-Mart and Clover refined

(Continued on page 118)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LADIES' APPAREL

Discount Store Census '81/'82

Conventional Discounters Join Fashion Push

Ladies' Apparel

- Discount Store Sales .. $9.1 Billion
- Sales per Store $1,115,000
- Department Size .... 9,990 Sq. Ft.
- Annual Sales per Sq. Ft. $112
- Annual Turns 5.8
- Initial Markup 44%
- Gross Margin 36%

BOXSCORE

May's Family Centers keeps apparel price tags in the low to moderate range, and fashion fixturing to a minimum in its Chicago stores. *(DSN photo)*

Discounters continued to give more space and/or better play to ladies' apparel in 1981, using updated fashion fixtures and upgraded assortments to draw consumers to the high margin area which accounted for more than half of all discounter apparel sales in 1981.

Expanded assortments, higher-ticket items, more brand names and stronger fashion statements are no longer unique to the upscaled discounters like Bradlees, Caldor, Target and Zodys. K mart, Woolco, Wal-Mart, Roses, Fishers Big Wheel and Hills have joined the trend.

Woolco unveiled a new prototype in East Brunswick, N.J., that marked its entry into upscaled discounting. Woolco revamped the store with new signing and decor and allocated 25% more space to women's wear. The chain hopes to increase apparel sales by 8% chainwide with this new direction.

The Woolco layout positioned women's wear in the left front quadrant of the store, devoting both sides of the main aisle to fashion presentations of misses and junior wear. The chain took a stronger (in-stock) position in mix and match, emphasizing the move with coordinate-clad mannequins. The chain is using the new presentation to move away from its traditional polyester image, and to attract a higher-income customer. Designer jeans (Calvin Kleins priced at $22) in a prominent position in junior wear have also been added to increase the store's fashion image.

In Victoria, Tex., Wal-Mart went after younger, more sophisticated customers with a stronger fashion presentation that positioned misses, juniors and men's wear along both sides of the main traffic aisle.

Apparel was also moved to the front of the store at Roses in Pulaski, Va. Roses gave the ladies' department extensive frontage on the main aisle and elevated hanging fixtures' height to 60 in. for 75% of all apparel.

A 50% increase in soft lines at Fishers Big Wheel's New Castle, Pa., store went chiefly to apparel, and new signing in women's wear invited customers to "Experience our fashion difference." Fingerwalls were added to provide space for collagelike displays as part of the

(Continued on page 118)

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Discount Store Census '81/'82

FAMILY READING CENTERS

Book Buyers Buck Cost Hikes, Biz Slowdown

Hills put its paperback best sellers along left front of race-track aisle at its Niagara, N.Y., store and watched the racks trigger impulse sales. *(DSN photo)*

Caldor positions books along the main aisle of its Taunton, Mass., store, and further supports sales by having authors visit the stores to autograph copies. *(DSN photo)*

A slowdown in paperback book sales and rising costs have forced discounters to write new chapters on how to better merchandise the category.

For some, the way to go has been to rework their buying programs, taking 10% or higher discounts, and going to register-tip programs to combat lagging sales.

Two chains reported improved sales after creating new ordering programs: Heck's abandoned a variety of distributors and direct buying, opting for one national distributor with a computer program; T.G. & Y., on the other hand, went to a number of distributors—local, regional and national sources—and supplemented their assortments with some direct buys, particularly on bestsellers.

The Heck's method, introduced in 1979, has achieved a 95% increase in sales in two years—60% the first year and 35% in 1980. T.G. & Y., which instituted its new program in 1980, experienced a 20% increase in sales. Both chains claim their programs make them more responsive to customers.

The focal point of the Heck's method is a computer card which allows the distributor to tailor the mix for each of the chain's 75 stores. Each book contains a card that is mailed back to the distributor for reordering purposes. The distributor automatically adjusts the mix according to each store's selling patterns.

T.G. & Y. buyers believe the chain's distributors are 80% accurate in making book selections, so they fine-tune that assortment with input from regional and store personnel. In some cases, the buyer doesn't wait for either. For example: Last year when "Shogun" was a hit, the buyer direct-ordered large quantities of the book and freestanding floor display, instead of waiting for distributors to order up the title. The new system also lets the chain adjust its mix to fit regional tastes—like adding more inspirational materials in its Bible Belt stores.

T.G. & Y. also uses register-tip displays and 10%-25% discounts to build sales.

Many other discounters have also turned to register-tip programs—to prominently position the top five or 10 best-

(Continued from page 118)

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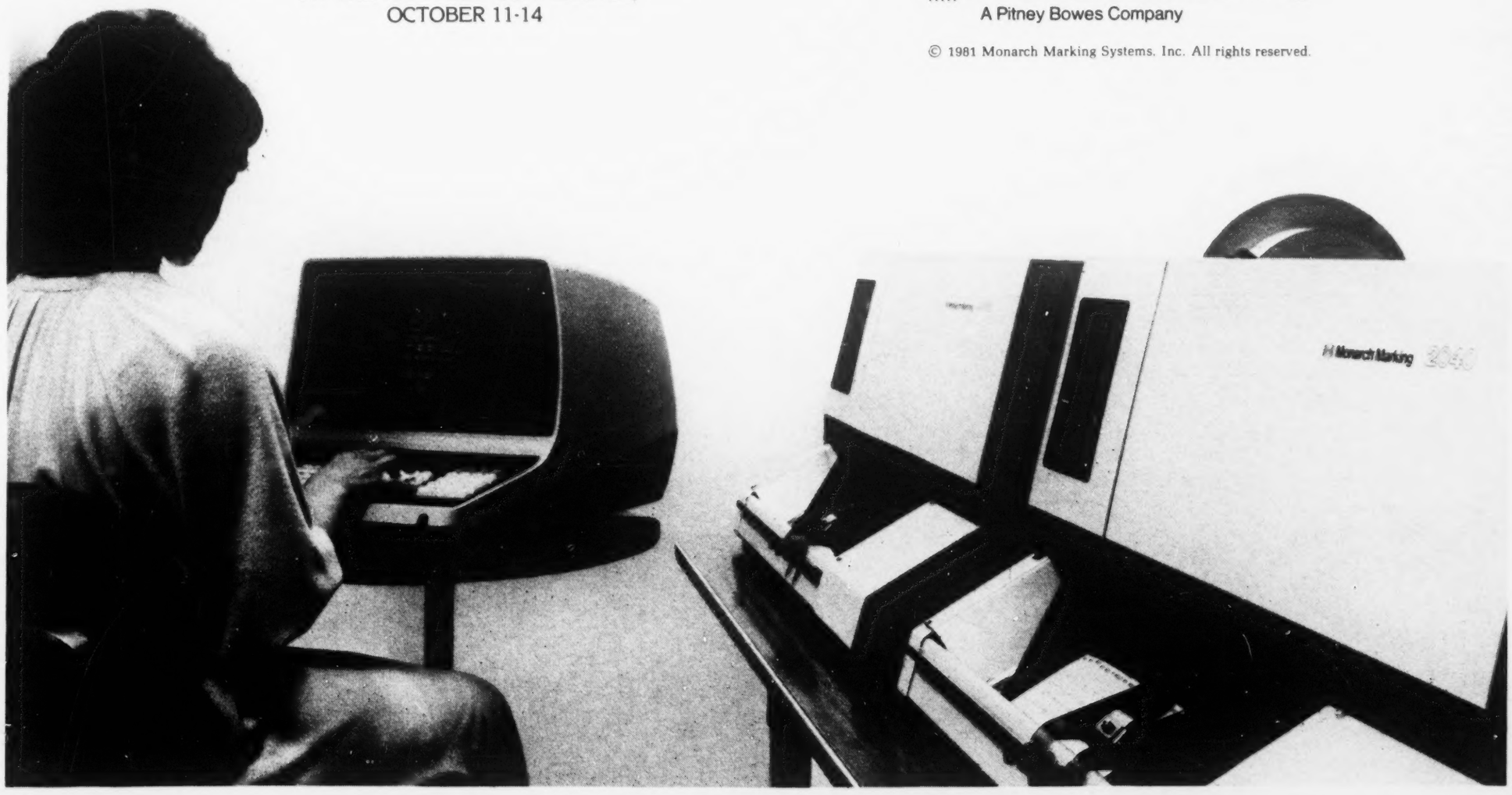

DOMESTICS

Discount Store Census '81/'82

Biz Rises 20% as Sections Upgrade, Expand

Domestics

- *Discount Store Sales .. $2.4 Billion*
- *Sales per Store $294,000*
- *Department Size .... 3,120 Sq. Ft.*
- *Annual Sales per Sq. Ft. $94*
- *Annual Turns 3.6*
- *Initial Markup 42%*
- *Gross Margin 35%*

BOXSCORE

Woolco gave more floor space to domestics in its new prototype store and signed the area with earthtone bands and supergraphics. *(DSN photo)*

Along with apparel, discounters have been expanding and upgrading their domestics departments to boost high-margin, soft goods sales.

The move has paid off: Industrywide volume advanced 20% last year, sales per store increased 14% and sales per square foot went ahead 13%.

Among the changes made by many chains is a merchandise presentation that ties domestics into home decor and/or bath shop, or one which emphasizes the colors and patterns of the goods in more fashionable displays.

Chains were also taking a closer look at their soft craft assortments—replacing once popular latch hook kits with this year's favorite, cross-stitch kits—and making changes in the craft category's position in relation to other domestics programs.

At Bradlees' newly remade New Jersey stores, for example, soft crafts were moved inside the domestics department and the traditional mix of fabrics, yarns, notions, and needlecraft kits was supplemented with high-ticket, assemble-it-yourself (wooden) dollhouses and big-ticket miniatures.

Chain executives said the new product area was targeted at adult collectors as much as at children.

At upscale Caldor, an already fashionable domestics presentation was taken a step further during the last year.

The chain added a long row of cylinder-wrapped towels—color coordinated with the stock set out in cubes below—to the main wall of the department. The rainbow effect is easily seen from elsewhere in the store. Elsewhere in the department, curtains and drapes were hung on backlit "mock" windows which formed aisle and endcap vignettes with mini-beds dressed in the chain's assortment of (matching) spreads.

Jefferson/Ward, too, took a vignette approach in its stores' domestics departments. Woolco gave the category more floor

(Continued on page 126)

CHILDREN'S

Discount Store Census '81/'82

Conservative Fashion Gains

Discounters are taking a more conservative approach to children's wear.

Buyers didn't invest in long shots in children's wear for back-to-school this year, and seasonal 1981 promotions emphasized basics and last year's best sellers: the western look and a toned-down version of the preppy look.

Back to basics doesn't mean that fashion has been abandoned, however. Buyers reported the category is becoming increasingly more fashion oriented, only for now they say they serve a fashion mix that will also appeal to consumers' pocketbooks.

To do this, discounters are stressing more flexible, casual dress looks with longer-life and easy-care fabrications, simplified styling and multi-purpose wear under the basics theme.

Woolco stressed multi-purpose wear in one of its recent BTS promotions for girls' jumpers. The ad referred to the jumpers as "wardrobe stretchers" to be worn alone in warm weather or with a blouse for cooler weather.

Murphy's Mart billed its selection of girls' dresses as "school fashions with lots of class" and featured dresses with printed skirts, solid-colored tops and border prints for a two-piece effect. Buyers look for prints, particularly woven fabrications, to be big sellers in girls' wear. For a modified preppy look, the items are shown with blazers.

In tops, the western look is still the dominating theme for boys. Many chains expanded their selection of boys' western shirts to include screen prints and new embroidery. Knit and panne tops, updated with quilting and embroidery, are also expected to be winners, while velour tops are receiving less play.

Buyers report corduroy will be popular in jackets, particularly western blazers. However, the reaction is mixed as to what sales of corduroy pants will be. Many discounters noted decreased corduroy sales during the past few years and trimmed their orders accordingly for this year.

In fashion pants, colored carpenter pants are expected to remain popular, even though sales of neutral-colored carpenter pants have dropped off by as much as 50% at some chains. Buyers also expect military-detailed pants for boys and tie-bottom pants for girls to do well.

Denim jeans still dominate the pants business, particularly

(Continued on page 112)

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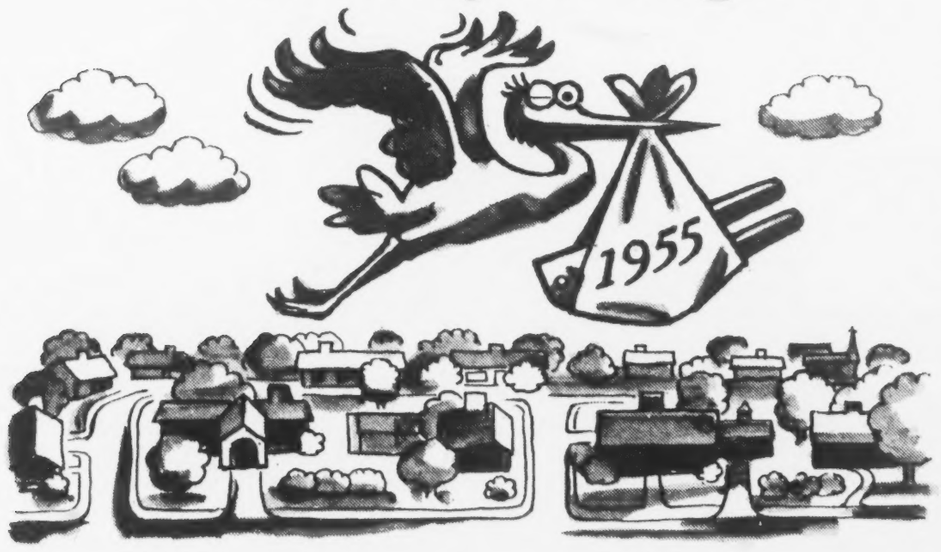

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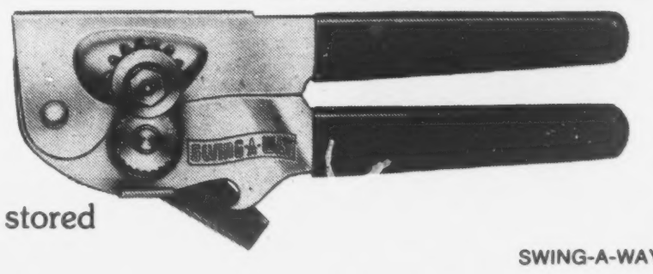

SWING-A-WAY ST. LOUIS 63116

FABRICS/SEWING

Discount Store Census '81/'82

Profitability Is Problem; K mart Dropping Dept.

Fabrics & Sewing

- Discount Store Sales .. $1.0 Billion
- Sales per Store $123,000
- Department Size .... 1,400 Sq. Ft.
- Annual Sales per Sq. Ft. $87
- Annual Turns 2.8
- Initial Markup 42%
- Gross Margin 35%

BOX SCORE

T.G. & Y., Oklahoma City, trimmed the size of its larger fabrics departments by 12%, but did not alter the mix, in an effort to boost sales per square foot from $89 to $100. *(DSN photo)*

There's no common cure for struggling fabric departments in discount stores.

As evidenced in 1981, discounters are trying several strategies to make the departments more profitable, including reducing department size, trimming unpopular sku's and eliminating service. Remerchandising focused on soft crafts is also becoming more popular.

K mart plans to abandon its fabric department altogether. Fabric departments throughout the chain will be removed by year's end, as K mart looks to move in larger domestics and additional crafts.

T. G. & Y., with the biggest fabric departments in the industry, cut the size of its largest ones by 12% and compacted inventory in an effort to boost sales per square foot. The chain

(Continued from page 126)

CONSUMABLES

Discount Store Census '81/'82

High Turns Key Mix Expansion

Consumables are having a renaissance in discount stores.

Some discounters have found that noncandy consumables—carbonated soft drinks in particular—can maintain high turns (as high as 70 a year at some chains) and high-enough earned gross margins (15%-20%) to produce more gross margin dollars than other higher-margin but slower-turning merchandise, with less inventory investment.

The high GMROI performance fits right into most chains' 1981 strategies, and they're expanding the consumables mix to maximize the gross margin dollar production and keep their cash working. (In most cases, the soda is sold long before the invoice comes due, so soda generates its own open-to-buy.)

K mart, in a recent test, got 68 to 70 turns from its carbonated soft drinks, and is now putting a 20-ft. section in all stores (within the existing department, with no reduction in the overall consumables assortment).

Jamesway's soft drinks program has brought a 26% increase in sales chainwide, from 8 to 32 linear feet of supplier displays, often outside the checkouts in the front of the store. A Jamesway buyer said the average margin is 15%, but can range up to 26% with as many as 70 turns.

Heck's has expanded its soft

(Continued on page 112)

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Children's Wear Styles Take Conservative Route

Oklahoma City-based T.G. & Y. utilized triple-tiering of name brand coordinates in the children's wear department of its Kansas City, Kan., store. *(DSN photo)*

(Continued from page 107)

western-influenced styles with new embroidery and computer stitching.

Despite manufacturers' refusals to ship discounters direct, Wranglers and Lees have become staples in most stores, where more Levi's and designer jeans are also appearing with regularity.

Hills carries Sassoon on a fairly regular basis for sizes 7-14, priced at $21.97. On a more limited basis, the chain also carries Jordache and Bon Jour for $19.97.

Hills is also one of the few chains stocking designer jeans for small children and infants. "The designer logos are often bigger than the jeans," said a spokesman. The jeans, bearing price tags of $10.97, are "grandma bait" and therefore have sold well, the buyer said. Again, emphasis appears on fashion for the younger set.

Most chains are paying closer attention to 4-6x departments and infants' wear, realizing children are as fashion-conscious as their mothers. The growth in the departments is also credited to more variety and quality in merchandise offered by manufacturers, and greater competition from children's specialty stores.

Roses is among discounters taking a second look at its children's department. Buyer Patricia Hofmeister plans to revamp the department, expanding assortments, upgrading price points and, in general, upgrading the presentations.

Woolco gave new life to its infants' department when it unveiled its new prototype in East Brunswick, N.J. The department's size was increased by 30% to make way for expanded assortments and higher priced goods. At the high end, the chain added Garanimals mix-and-match items for infants and toddlers to entice trade-up customers. A full line of Gerber baby accessories was also added and given prominent play in the department.

Despite buyers' reluctance to go out on a limb with trend and novelty items, the sweet scent of higher ticketed Strawberry Shortcake character goods prompted many buyers to expand 4-6x and 2-4 categories.

Gee Bee and Gold Circle devoted full and half-page BTS advertisements to Strawberry Shortcake clothes for girls. Gold Circle's ad featured pomp socks, belts, underwear and assorted polyester-cotton shirts for sizes 4-14, as well as coordinates and toddler dresses for sizes 2-4. Gee Bee featured long-sleeved crew and turtleneck tops and corduroy or twill pants for sizes 2-6x, dresses for 4-6x and underwear for 2-14.

Carrying the popular strawberry character on children's wear carried over into accessories as well. Hills developed a new children's jewelry display (in its jewelry department) for strawberry items, popular theme characters from Sesame Street, and items replicating Alphabet Soup and Crayolas. A spokesman for Hills said children's accessories are an exploding category.

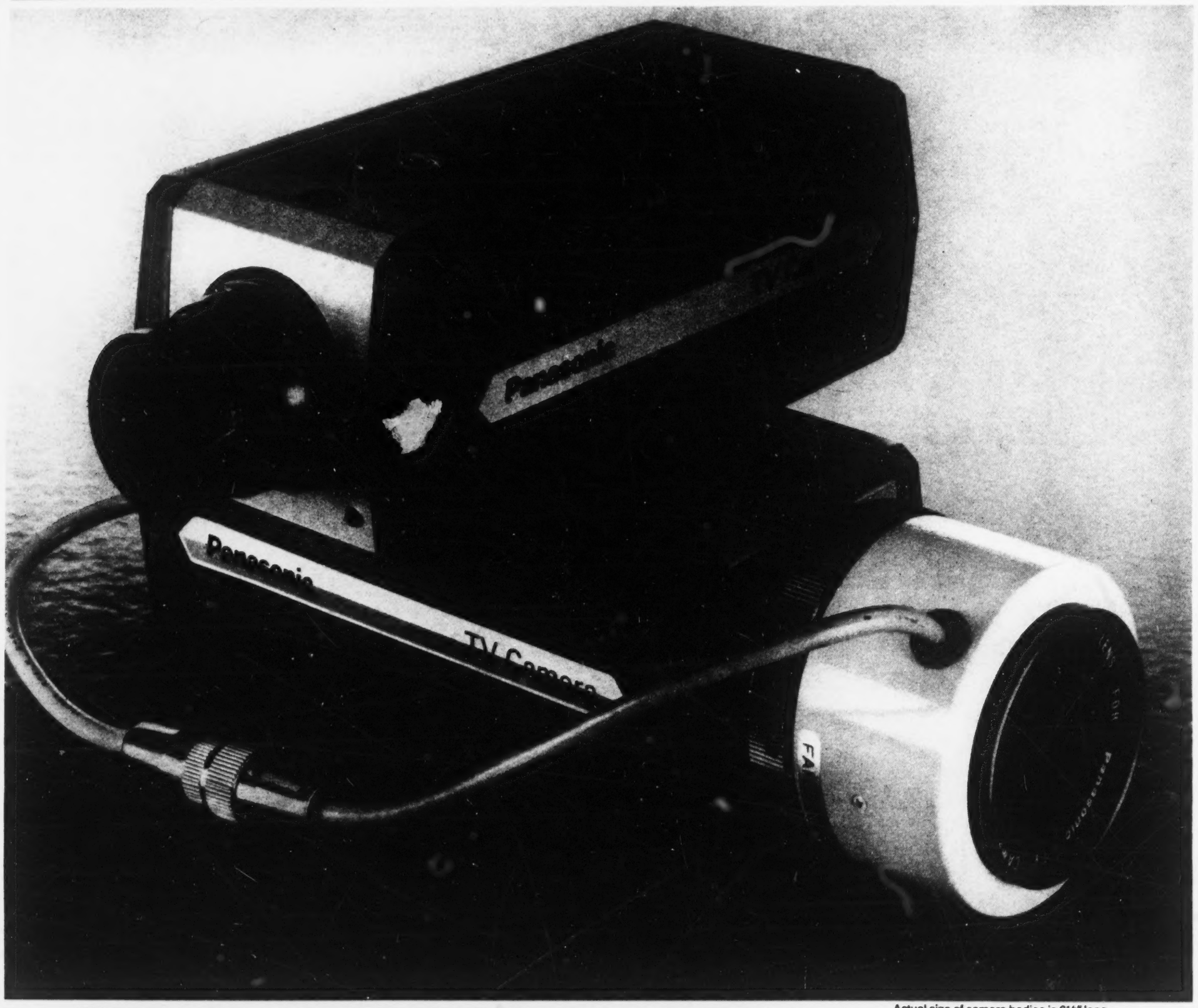
Consumables

(Continued from page 111)

drinks to 16 ft. from a 4-ft. section, broadening the mix to make consumables more than an impulse item. Soft drinks have everyday margins of 21%-24% at the chain.

Even discounters reluctant to give consumables more space on a day-to-day basis are making room for more in-and-out merchandise—usually with normal margins—to take advantage of the traffic-drawing power of the department. A buyer at Woolco—where the department is already 10 times larger than it was a few years ago—predicts continued growth for the department, with the addition of refrigerated goods in the future.

But, there are problems besides thin margins in stocking consumables, buyers say. Foremost is the need to cut under grocers' prices: Most discounters don't have adequate warehousing space, and so they are generally forced to have goods shipped direct to stores. Thus, they are prevented from buying in truckload quantities, and pay more than grocers do.



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Exercise Gear, Rod/Reel Sets, Lawn Games Hot

(Continued from page 80)

than-average margins. Chains such as Woolco, Hills and T.G. & Y. relied heavily on imported goods to increase overall department profitability.

Lawn games also received more discounter attention as more consumers stuck close to home this summer rather than spend money on gas and vacation traveling. Buyers said consumers leaned toward the higher-quality, higher-priced volleyball, badminton, and tetherball sets, adding that people who wanted durable games were not afraid to pay the price. Most buyers used the low-end badminton, volleyball and combination sets as key promotional features, targeting long weekends for major ads.

Consumers demanding more variety from a single game prompted buyers to stock combination sets in addition to traditional one-purpose lawn games. Hills offered a four-game novelty combination set which included Posse Pitch and horseshoes among its four sku's in the combination set category. The buyer at Prange-Way also noticed that customers leaned toward combination sets and added that his shoppers were not turned off by high price points, as for example, a high-end volleyball set retailing for $25.

Better quality, high-ticket merchandise was also the rule rather than the exception in exercise equipment as more buyers successfully extended selections to include high end benches, bicyles, and weight sets. Buyers balanced pared-down gross margins of high-end merchandise against improved turnover and volume levels produced by the promotional activity, and used the rarely promoted packaged items (including tummy toners, chest pulls and jump ropes) to maintain overall category profits.

New Approach

Caldor is one of the chains that moved deeper into the category this year, increasing its exercise bike assortment from three to five sku's, ranging in price from $99.99 to $149.99. This upgraded assortment was rounded out by a $94.99 rowing machine, and a step-up, 165-lb., all-steel weight set. Bench selection also benefited from the chain's move to step-up equipment, going from one standard model to five benches, ranging in price from $24.99 to $45.99.

Discounters also saw good news coming from such diverse items as boxing equipment, inflatable boats and basketballs.

The success of boxing-related movies caused sales of striking bags, heavy-duty bags and boxing glove sets to rise above previous years' totals as the mid-teenager and the young adult began to take up the sport. Zodys, a division of Hartfield-Zodys, increased sales by featuring a 12-ft. section of speed bags, headgear and boxing gloves. Caldor used training gloves in promotional efforts, which led to quick sell-outs.

Inflatable boats became a reliable source for summertime profits due to high maintained gross margins and big-ticket sales. The category snags an average 40% gross margin while taking a minimal amount of advertising to move product. Most chains drew traffic with promotional one- or two-person boats while offering step-up models at higher margins, while many other discounters merchandised the boats alongside high-margin (up to 50%) boating accessories.

Biz Is Generally Dull, But 35mm Cameras Click

(Continued from page 69)

tofinishing business as a result, according to a spokesman.

In cameras themselves, 35mm represents the largest growth category for the year. Not only have companies such as Keystone come out with low-end 35mms, creating a new market at retails below $40, but discounters are also increasingly finding it possible to move high-ticket cameras (to $400 in some cases).

Atlanta-based Richway plans to add Canon and Minolta 35mm cameras to its photo department for the Christmas season, boosting its high end to $250. The chain is looking for large volume gains in the category and plans vigorous fall promotions.

Prange-Way has gone heavily into 35 mms, carrying an Olympus OM-2 as its top of the line at $450. David's has also gone into 35mm more extensively this year; Gee Bee re-entered the category, and ALCO decided to promote more of the single lens reflexes (SLRs).

Heck's has also increased its commitment to 35mm in the past year, going from two sku's to four by adding a rangefinder at $79 and an SLR at $239. Rink's is yet another chain that has moved into 35mm on a full-time basis. In the past, the chain carried one sku as a Christmas seasonal item, but now stocks four sku's from $149 to $259.

Margins in excess of 25% are still to be found in 35mm, unlike instants and pockets where 15% margins are commonly the maximum achieved due to constant promotion.

Constant promotion of instant cameras—often run at cost—has been singled out by buyers as one factor in the decreasing ability to generate traffic in the category. "You won't sell what you did four or five years ago when you run an ad," a spokesman at S. E. Nichols noted, "because the consumers know if they don't get it this week, they can get it next week."

A spokesman at Prange-Way said that unit sales of instants dropped 30% last year despite frequent promotions at cost. Spokesmen at Jamesway and several other chains also noted difficulty in the category, particularly as film prices spiral upward of $7 for one pack at retail.

New-product introductions in the category include Polaroid's Sun Camera, which uses high-speed film and strobe flash (built-in) to compensate for lighting differences in every exposure, and Kodak's Colorburst 350. The new Kodak instant features a telephoto lens. Buyers at many chains hope the new introductions will generate excitement in the category, though few expect strong increases in unit sales.

Pocket cameras have been a steady growth category for the past several seasons, and buyers expect this trend to continue taking larger share of department volume from instants. Pocket cameras have cornered 30% of total camera sales at some chains.

New-product introductions in pocket cameras—telephoto lenses, built-in flashes and even motor drives (more motor drives are expected on the market next year)—have helped the volume growth by creating a strong trade-up market.

Kodak has continually added new pocket cameras to its line, to the extent that chains are now cherry-picking from an assortment considered too broad to carry in its entirety. Stocking Kodak for the brand name, and going with alternative lines such as Keystone, Continental or Ansco for lower price points and higher margins is the widespread strategy in the category.

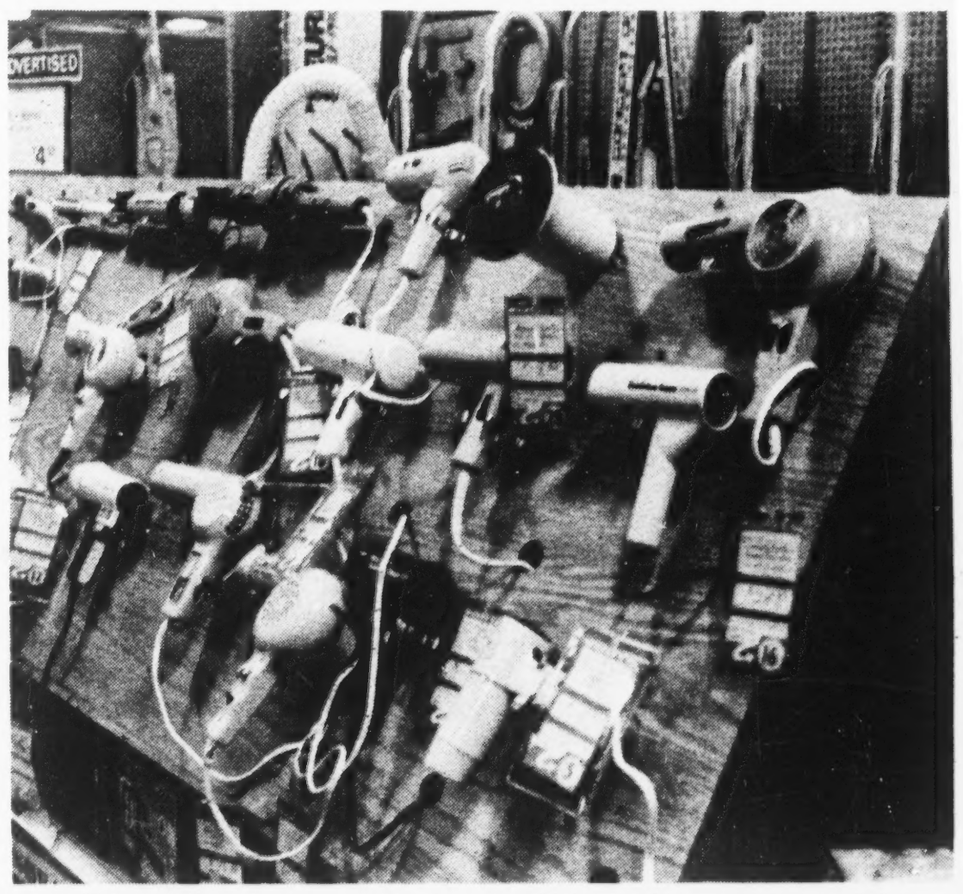
"The good thing about this strategy from our viewpoint," said a spokesman at Woolco, "is that switching lines at the low end does not make a dramatic impact on the store [merchandising]. We have used several different vendors at the low end, and the $20 pocket camera shopper is not as conscious of camera differences as purchasers at the high end."

K mart, King's, Caldor, Woolco, Jamesway and others are prime examples of using lesser brands to cut under the $20 price point in pocket cameras. Some of these chains have even added unbranded cameras for additional gross margin points and competitive ad prices.

The off-brands have made inroads at the high end of pocket cameras also, with chains such as Venture, T.G. & Y. and Gee Bee running trade-up pocket cameras during the year near the $50 price point. Using this strategy, they are able to undercut Kodak's price points with cameras featuring telephoto lenses, built-in flashes or motor drives in some cases.

The high end in pocket cameras is $60 commonly, as discounters find Kodak's Ektralite 600 a popular model at that price point. Most movement in the category is in the promotional models, however, at $25 and under.

While many discounters are finding a viable market in accessories for 35mm cameras, others who have not stocked 35mms extensively are reluctant to invest inventory dollars in the area. Accessories such as camera bags and photo albums—with margins of 40% to 60%—will be prominently merchandised for the fourth quarter throughout the industry, however.



Natural woodgrain angled unit is used for personal care electrics in Zodys, Stockton, Calif., so that the display of working models conforms to store's overall fashion look. *(DSN photos)*

Personal Care

(Continued from page 63)

become a big seller due to heavy manufacturer ad support. But a Heck's merchandiser said his chain was taking a wait-and-see attitude.

Interest in the heat wrap/cold pack is riding the crest of the jogging and physical fitness craze sweeping the country.

Heat wraps without the cold pack have long been a staple, discounters noted, and the new feature should aid sales.

The search for items to spark personal care appliance sales reflects the staple nature of the hair dryers and curling wands that make up the heart of the category. To date, manufacturer rebates have helped spur sales, but only brand new items will create the excitement needed for maximum holiday gift sales, discounters said.

Glassware

(Continued from page 65)

their beverageware assortments.

The end result of these manufacturers' moves, discounters noted, was to strengthen the tie-in capabilities of dinnerware, glassware and servingware as tabletop goods. The new lines even spurred some chains to merchandise all of these items together.

While the fashion merchandising effort has continued apace, discounters are also paying attention to their basic glassware business, beefing up stocks of packaged and boxed goods.

A Zayre merchandiser explained that bulk goods were too labor-intensive at the store level, so that packs were getting a greater play at the chain to hold down expenses while also capturing a higher total ticket sale.

The greater use of packs helps to explain the big jump in glassware sales both at store level and for the total industry, as projected by *DSN*.

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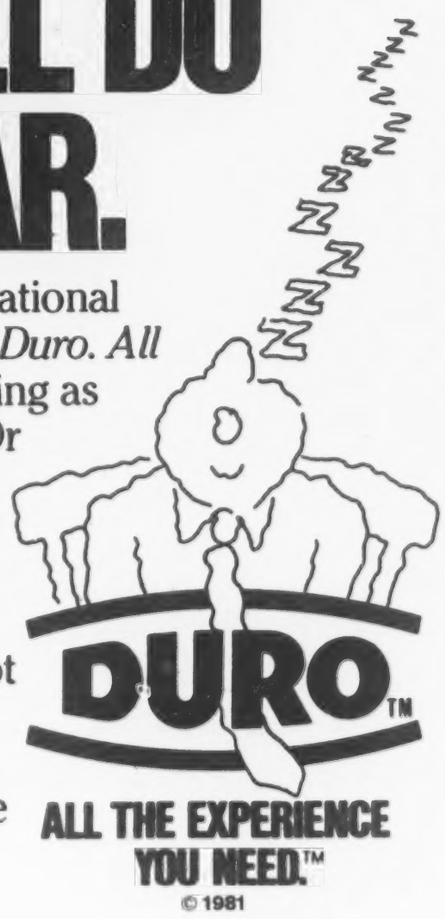

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Four New Murphy's Marts Planned For '82

(Continued from page 42)
pected to have significant impact on merchandising at Murphy's Mart. While all merchandising was under the control of vp Aubrey Johnson coming into 1981, the company has structured management and created a separate division for apparel and accessories.

Johnson has been freed up to concentrate on hard lines (variety and home furnishings), while vp of advertising and sales promotion Robert Rowe was named to the new post of vp, apparel and accessories.

Two merchandise divisions were created to provide deeper commitment and emphasis on apparel and other related high-margin goods, which Lytle characterized as a major priority in future profit planning.

In another move which will help shape future merchandising in Murphy's Marts, the company hired a veteran in market research as vp of corporate planning. Blair McRae, named early this year to the new post, is in charge of developing a coordinated merchandise planning system.

Consumer studies have been identified by Murphy's management as a high-priority area, and three to four studies a year may be done in the future to aid merchandising efforts.

(The most visible change in personnel during the year at Murphy, overshadowing the hiring of McRae and the restructuring in merchandising posts, was the retirement of chairman S. Warne Robinson. He was replaced by senior vp of finance and vice chairman Thomas Hudak. Hudak is a 12-year veteran with the company. Lytle remains ceo, while Hudak is chairman and chief financial officer.)

Adding It Up

A continuation of current sales gains would give the 105 Murphy's Mart stores a fiscal year's volume of $509 million, and would have the discounter accounting for 60% of the parent company's total sales.

For the year ended Jan. 29, 1981, Murphy's Mart sales were $463 million, 57.6% of G. C. Murphy's $803.7 million in sales. The discount stores recorded volume increases of 17.9%; sales per square foot jumped from $85.86 to $95.96, an 11.8% increase.

Net income at G. C. Murphy fell 3.9% during the year, to $9.47 million from the year-before $9.85 million, on a LIFO accounting basis. (On a FIFO basis, which the company also reported for comparison, earnings grew by almost 5% from $14.1 million to $14.8 million.)

Lytle said an aggressive advertising and promotion program during 1980, begun to increase market share for its stores, was responsible for the reduced gross margin. In addition, heavier than normal markdowns were taken in seasonal merchandise.

The company entered 1981 with heavier than normal inventory levels, planned as part of a program to increase market share through broadened assortments. Murphy has also moved a greater percentage of its total stock into its stores, with less backup goods in warehouses.

Jamesway To Add 6 Next Year

(Continued from page 47)
crease its percentage of sales in soft goods from the current 39% to 44% by target date 1985.

In the chain's new Flemington store, several new categories and department expansions have been tried, with many slated to go chainwide. Wicker goods were expanded from the chain's 20-ft. standard run to 32 ft., and put under a special thatched-roof fixture for an exotic look.

Giftware space in the Flemington store was doubled, from 16 ft. to 32 ft. Assortments in brass giftware and oriental decor goods were broadened, and the chain added lead crystal.

Another test by Jamesway is an expanded photo department, along the lines of Barkers' (which used to operate the Flemington store). More than a dozen sku's in 35mm cameras, plus accessory lenses and darkroom equipment were added.

In order to maintain a sharp-pricing image while improving margins, Jamesway picked 116 items from its total mix to feature at 10% to 15% markups for low everyday price points.

The items chosen were highly identifiable items to consumers, and the chain began the low markup policy in July in an "inflation fighter" program. It focuses almost entirely on H&BA items (100 sku's), where the chain is mostly likely to generate repeat traffic.

Continued refixturing, merchandise tests and POS equipment installation follow a tough 1980 at Jamesway. Store-for-store gains were only 2%, below the inflation index of 6.3% for department stores listed by the Bureau of Labor Statistics.

Wicker was one area Jamesway identified this year as having growth potential. Category gets display in lifestyle, behind dinner table tableaus. *(DSN photo)*

New Top T.G. & Y. Executives Carry Out Store Conversions

(Continued from page 47)
partment in many stores by 12%, and turned the space over to upgraded lines in domestics.

Several operations changes were also made during the year, including establishment of a consumer research department to conduct surveys. The move will give the chain additional merchandising information. In addition, new programs such as driver training helped T.G. & Y.'s truck fleet save several million dollars by stretching gas mileage from 4.65 to 5.85 miles per gallon.

In expansion of discount store numbers, T.G. & Y. will close the year larger by 27 units, and plans to expand by roughly the same rate in 1982.

Included in this year's growth was a pickup of 20 Crest stores in North and South Carolina. Prior to the acquisition, T.G. & Y. had only 16 stores in the Carolinas.

Louisiana, Georgia and Alabama were also chosen for significant store growth this year, and T.G. & Y. decided to add two stores in California. That was the first time the chain has added to its 98 stores in that state in five years. Other sites in northern and central California have also been under inspection for future additions to the operating division.

David's to Widen Oklahoma Thrust

(Continued from page 49)
local television.

Among changes implemented since the new orchestration of management is a store-level management training program.

The chain eliminated department managers in its stores, opting for an area manager concept. There are six area managers in each store in these divisions: record, camera and housewares; soft lines; toys, sporting goods and auto; health and beauty aids; hardware, and promotional categories.

"Through this concept, managers will gain multidepartment experience," explained Hermsen. "The program is intended to give all area managers the opportunity to grow into assistant managers and then become store managers. We're looking at this in terms of future development, with the idea of having managers with experience promoted from within the organization."

Promotions Propelling K mart To Expected $16.3B Year

(Continued from page 42)
higher gross margin dollars from the increased volume, and that's the name of the game now.

The litmus paper test for the chain's new look and new strategies was the Indianapolis stores, which were the first market cluster to get the remodels. According to one analyst—Arthur Charpentier of Goldman Sachs in New York—the Indianapolis stores had a "rocky start" but are now showing 13% to 15% monthly gains.

That performance is especially important, given the Target takeover of Ayr-Way in that market, and Zayre's remodels in the same town. Target and Zayre are both strong competitors—and they bracket K mart, one on the tradeup side, one on the traditional side. If the Indianapolis K marts can pull 15% sales gains against newly remodeled Targets (that chain averages 30% sales gains year to year) and Zayre (which was up more than 17% for the first half), it bodes well for the grand-daddy of the discount department store chains.

Growth in Sales and Operating Expenses at K mart

Year	Sales	S&GA Expense
1970	17.1%	18.5%
1971	21.1	21.8
1972[a]	23.8	21.9
1973[b]	20.7	18.6
1974	19.5	22.6
1975	22.8	24.0
1976	23.3	24.5
1977	18.6	18.3
1978[a]	16.3	20.9
1979[a]	8.8	13.8
1980	11.6	17.2
Compound growth		
1970-80	18.7	20.1
1975-80	15.9	18.7

[a] 53-week period. Increases are overstated.
[b] 52-week period. Increases understated due to comparison with preceding 53-week period.
Source: Goldman Sachs research

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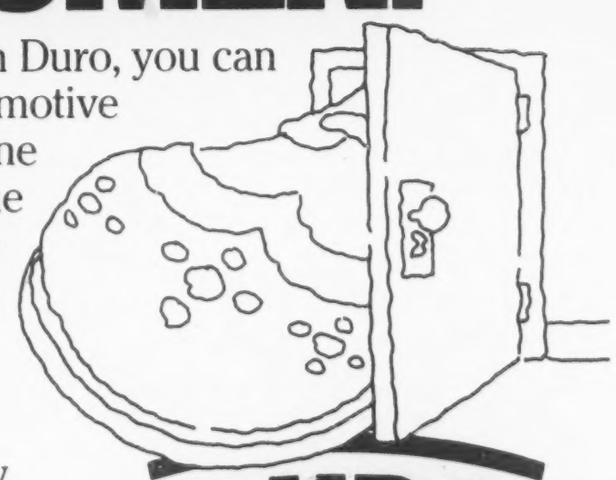

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Meijer's goes deep and broad in consumer electronics, stocking more than 50 sku's of radios in its newly spun-off Meijer Square chain, shown in Bay City, Mich. *(DSN photo)*

Clover Schedules 3 Bows in 1982

(Continued from page 45)

of the parent company's volume in the fiscal year ended Jan. 31.

Clover's volume last year was $124.3 million and is projected as going up 22.3% to $152 million this year. Of that figure, company-operated departments are expected to account for about $148 million.

The parent company's sales last year were $390.2 million, up 6.2% from $367.2 million. Net income of $12.9 million was a 20.6% gain from $10.7 million.

Clover's growth plans call for the opening of an average of two stores a year in the Delaware Valley area. Its focus during its first decade was on Philadelphia and adjacent New Jersey.

The openings planned for next year mark the first step beyond the highly competitive Greater Philadelphia area, with Clover reaching out for new markets and sales.

K mart, Jefferson/Ward and Woolco, Clover's main discounter competition, have more than six dozen stores in the Delaware Valley market.

Clover's plan to meet this competition also calls for remodeling older stores, so that they present the same updated look as the discounter's latest units.

The discounter has already remodeled its Marlton, N.J., store (the first Clover), and at least two other units are due to be refurbished.

These changes include putting in sophisticated energy management control systems that enable Clover to reduce its energy use, and adding such new merchandising features as a tabletop shop that combines dinnerware, glassware, flatware and servingware in a set-off shop, an enclosed fashion section for jewelry and cosmetics and a set-off leisure area for consumer electronics, records and tapes and photography.

Consumer Electronics: Gross Margin Dips Despite Rise in Biz, Turnover

(Continued from page 91)

an off-brand, 12-in. model as a low-ticket traffic draw.

Portability generated as much consumer interest as price in 12-in. and 13-in. sets. Buyers reported the consumer focus on portability has intensified, allowing them to broaden lines to include models that run on car batteries. K mart, for example, stocked a 12-in., black & white set that will run on a car battery as well as on house current.

In more sophisticated home entertainment products, price and uncertain consumer response prevented most discounters from merchandising video cassette recorders and video disc systems. Chains noted for broad CE assortments that include big ticket goods—such as Jefferson/Ward, Caldor and Target—tested the waters in both VCRs and video discs, but most of the industry remained on the sidelines.

Caldor displayed video disc systems along the back wall of its radio & TV departments, using vendor display material from RCA. The chain also promoted RCA's six-hour VCR (remote control) at $776, a sale price only 13% off the everyday price of $888.70.

Different Procedures

A Jefferson/Ward merchandise manager said his chain has carried both Magnavox and RCA video disc systems since March, but did not promote them because of strong nationwide manufacturer ad campaigns. Jefferson promoted its VCR units and tapes recently with RCA's six-hour SelectaVision offered at $869, an 8% cut from the chain's everyday $949.99 price.

Buyers at other chains, such as T.G. & Y., Hills, Murphy's Mart and Prange-Way, stayed out of the market because of the technological incompatibility of the existing disc systems.

Despite talk of adding high-end stereo equipment, lower-end merchandise was still where the action was hottest. Discounters in general traded up, inching toward a $350 price point from a lower-ticket base.

K mart promoted stereos at just over $350, a price point that was until recently beyond the reaches of its upper price range. Woolco, on the other hand, moved closer to a $350 ceiling by backing down from its previous high price point of $699.

Even chains noted for broad assortments in CE and stereo, such as Jefferson/Ward and Caldor, or chains with an upscale image such as Target and Bradlees, relied heavily on sets between $100 and $200 to draw traffic.

Also of particular interest to chains were miniature stereos which look like component systems but carry much lower price points. Generally, the miniatures came in at the expense of compact sku's which were trimmed somewhat. Because the category often carried margins in excess of 30%, buyers had more leeway in choosing assortments.

Zayre's Discounters Are On Way to $1.5B Year

(Continued from page 45)

sizzle alone. The merchandising moves are coupled with expanded pull-through replenishment (of about 10% of the merchandise) to improve in-stock performance; in-store computers for instant communications; electronic point of sale equipment (in about half the chain, due to be complete by 1984) for accurate sales data capture and price look-up

On the financial side, Zayre looks just as healthy. Selling, general and administrative expenses have increased (as a percentage of sales) in each of the last three years, but substantially less each year than the year before, having risen 15.4% in fiscal '79, 13% in fiscal '80 and just 7% in the last completed fiscal year—less than half the increase two years earlier.

Cost of goods has decreased as a percentage of sales, from 77.2% in '79 to 75.8% last year—due to higher apparel volumes.

Zayre is also well positioned to continue its remodeling program. The chain has pulled about three-quarters of that capital expense ($48.3 million in fiscal '81) from internally generated funds.

Zayre is also able to bite the bullet on poor investments, closing marginal or losing stores in favor of higher-volume units, as in Chicago.

In fact, with its high-volume Miami and Chicago units in ethnic neighborhoods, and the impending extension from Chicago to Milwaukee in four ex-Treasure Island stores, Zayre could be called the nation's premier urban discounter.

Paint: High-Margin PL Lines Gain More Ground

(Continued from page 80)

The departments had previously been scattered on the hard goods side of the stores.

Merchandising changes were also made at T.G. & Y. during the year, with extensive reworking of the chain's assortment and the introduction of 72-in. gondolas in key stores rather than the 54-in. fixtures it traditionally used.

"We are up about 25% in sku's," said a spokesman for the chain, "and have increased space allocation by about 30%. The change has been primarily to broaden the number of colors in our assortment, but we also increased the number of gallons per color in our planograms. We know that the average wall paint sale is 3.8 gal., and if we've only got two, the customer is going to walk out and get it elsewhere."

T.G. & Y. has required a minimum of 4 gal. per sku to be on the shelf, but planograms sent to store managers suggest 6 gal.

Bradlees also revamped its paint department after closing the 17 home improvement centers it had been running. The chain moved home decor and paint into their own department.

Nichols, which is making a strong bid for the largest paint department in the industry, devotes 30% of its 20,000-sq.-ft. in-store home centers to paint and paint sundries. The company increased its promotional frequency this year to an almost-weekly basis, and gave it a new thematic look.

Roses has also decided to change its paint department, and present plans call for the addition of 50 more feet of shelf space. (The department currently runs 80-100 ft.)

Hills tried a signing change this year to boost sales. Now using higher gondolas than in the past for more efficient use of floor space, the chain moved its signing from the top shelf to the second shelf to put it at eye level. The chain feels the color-coded tickets (by price point) will make price information more accessible to customers.

In stock movement, buyers report they are paying more attention to colors in selecting merchandise mix. While white paint still represents more than half of the volume in paint, a new pickup in earth-tone colors has been reported. Almond, a strong new color in kitchen appliances, has been a strong seller this season as have tans and browns.

Wood stains represent another growth area in the department, with chains such as K mart, Zayre, Target and Wal-Mart pushing stains in circulars, and other chains running tests on stains for possible full-time entry into the category next season.

At T.G. & Y., a spokesman said exterior stains represent the department's largest growth area this year. The chain expanded its national-brand line, and is considering adding a half-dozen sku's in private label stains next year.

Stains represent another opportunity for chains to pick up gross margin points. In promotions, stain prices at K mart, Zayre and Target were all cut significantly less than paints in similar promotions, for example.

Because the stain market is a newer market, consumers are not as price conscious. In addition, with a median price point near $5 a gallon on promotion, chains are not hard-pressed to keep under a $10-per-gallon price point, as in the case in national-brand paint.

Hills to Reach 100 Stores Next Year

(Continued from page 49)

a shop within a shop— is being tested to see if the new presentation will markedly affect sales. The goods in the new department—called Creative Housewares—were already in stock in the chain's housewares departments.

In addition, the new stores will get the snack bar that Hills first tested in 1980 and has been installing chainwide.

Imports will also play a more important role in the chain's mechandise assortment in the future—the result of the company's overseas import division—as will private label goods. The chain currently offers private label assortments in apparel, H&BA, housewares, automotive, hardware and stationery.

Sales projections call for a volume increase of 19% to $790 million for the current fiscal year. Last fiscal year the chain's volume totaled $662 million or 92% of the general merchandise division sales of its parent, SCOA.

Pamida Climbs Back to Profitability

(Continued from page 48)

buying and more selective assortments left the chain in a better clearance position as the summer ended.

The chain also broke its markdowns on seasonal goods into two sales in a successful move to avoid more costly markdowns later in the season.

Pamida has switched to LIFO evaluation of inventories, in addition to other changes at the chain. Twenty-six of the discounter's departments were put on LIFO accounting in 1980, and the remaining nine departments were converted to LIFO this year.

Operating results for the first quarter of 1981 represented a 22.9% improvement over the first quarter of 1980. The company reported a net loss of $357,000 compared to a loss of $463,000 the year before. On a FIFO basis of reporting, net earnings this year would be $267,000 for the first quarter compared to $6,000 last year.

Sales for the year ended Jan. 31, 1981, were 1.1% higher than the year before, though earnings of $4.7 million were 55% greater than the year-before earnings of $3.1 million.

Lawn & Garden: Dollar Volume Blossoms to Outpace Inflation

(Continued from page 74)

years."

Many chains bought lighter in furniture and lawn & garden this year: Fishers Big Wheel cut back near 10%; Murphy's Mart noted some softness and did not refill the merchandise pipeline in June; a T.G. & Y. spokesman said his chain cut back on its lawn and garden budget for the year, and Arkansas-based Magic Mart noted some softness and cleared out merchandise a week early.

In mowers, chains experienced a strong year in rear-baggers and self-propelled models, while high-ticket rider mower merchandising varied greatly. Many buyers are concerned about laws requiring the "dead-man clutch" to be added to units manufactured next year (though next season mowers without the safety feature will be sold). The clutch will add approximately $30 to the price of a mower, and buyers are concerned about price resistance at retail.

T.G. & Y. was one major chain undergoing a major revamping of its mower program this year. The chain decided to drop inventory investment in riding mowers and put more dollars into high-margin mower replacement parts and step-up push mowers.

The replacement parts business has also been building at chains such as Murphy's Mart, where repair kits and spare parts enable customers to service their own riding mowers rather than go to a repair shop. The chain stocks 34 sku's in its program, at price points from 39¢ to $10.

Other chains committing to riding mowers significantly include Magic Mart, where the units account for 50% of dollar volume in mowers, and Heck's, which added a second riding mower to its mix for the first time this year. S. E. Nichols, which merchandises an 11-h.p. riding mower at $800 as its top of the line, plans to add a higher-ticket model next year.

Gas grills, the other major high-ticket category in lawn & garden, were merchandised in broader assortments at most chains this season, with better models experiencing most of the growth. Fishers Big Wheel and Heck's both added a step-up model to their stock, while S. E. Nichols plans to double its two sku offering next year.

A spokesman at Murphy's Mart said most grill action at the chain "was in traded up models at $99 and $167."

Murphy's Mart is also considering gas grills as a Christmas promotional item, given their "family" appeal and strong track record in sales. ALCO brought out gas grills in some stores last Christmas, ran them at their full seasonal markup, and did well enough that a chainwide program is being considered this year.

Moving to lower-ticket promotional items, buyers agreed that the year was flat in string trimmers. Any future growth in the category is expected from trade-up models which cut wider swaths, units with gas motors, or trimmers with metal blades, buyers report.

Bug-killer lights did generate significant store traffic and volume growth this season, replacing string trimmers as a hot category.

Bug killer units were hot this year, with step-ups selling at more than $100. This four-sku assortment is at a Meijer Square store in Bay City, Mich. *(DSN photo)*

10 in '82 Set By Fishers Big Wheel

(Continued from page 46)

lines, 40% to soft lines and 10% to leased departments. In the former Tempo and Buckeye Mart stores, Fishers acquired from Gamble-Skogmo (1979), soft lines were given increased emphasis though, and now occupy more than half the total selling space. Increased assortments in soft lines at those stores, coupled with refixturing, represent the chain's first moves toward the new prototype mix and layout.

Sources at the chain indicated that the ultimate Big Wheel prototype may be smaller than this year's new stores, which are all to be 42,500 sq. ft.

In total selling space, Fishers will end 1981 9.3% larger than it began the year, with an increase of 325,000 sq. ft. to 3.8 million sq. ft. In 1982, 350,000 additional square feet of selling space will be added.

Executives at Fishers project a 13.9% sales increase for the year ending January 1982. Total volume for this fiscal year is expected to hit $180 million compared to $158 million in the chain's last fiscal year. Almost 11% of the chain's total sales will come from leased departments.

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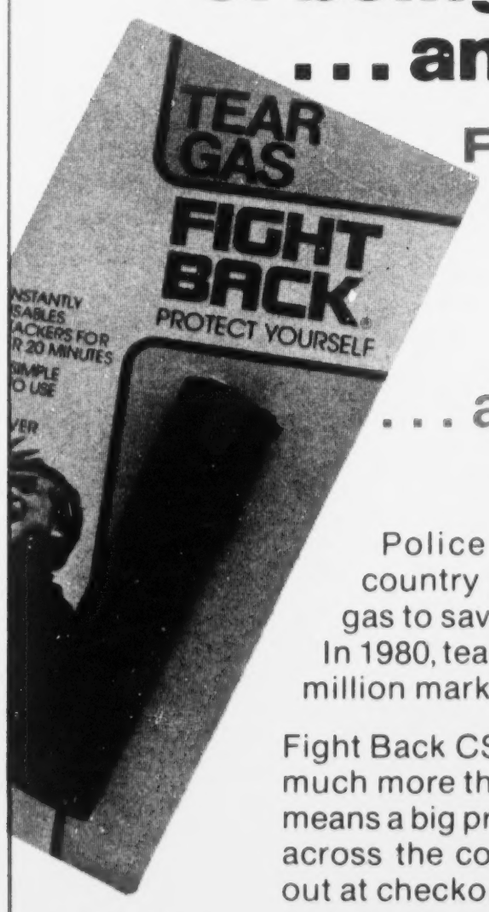

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Men's Wear Gets High-Profile, Trade-up Treatment

(Continued from page 101)
their men's department with "shop looks." Wal-Mart broke out western wear, centralizing its Wrangler jeans, shirts, belts, hats, and even boots (in fact, chain executives have targeted Wrangler jeans as one of their next million dollar sales items). Clover refined its Male Men shop, featuring western wear, coordinating jeans and knit tops.

Besides the upgraded presentations, discounters are trying to woo customers into their apparel departments with broader assortments of branded goods and by creating status label programs that offer a knockoff's option of fashion at a price. Roses, Caldor and Woolco are among the chains with an in-house status label program.

At least one chain, Caldor, pressed its stores' logo into service as a status shirt symbol. The chain unveiled a new line of unisex terrycloth short and shirt sets earlier this year. In addition, the chain carries a "raccoon" line, a la LaCoste; a new active wear line, carrying tennis star Rod Laver's name, and an NFL line.

More name brands in jeans and basic men's categories—underwear and work clothes—are showing up in K marts, and spot checks of the chain's stores in Indianapolis, Michigan and New Jersey revealed Izod shirts, and Lee, Wrangler, Valente, Jordache and Calvin Klein jeans. The variety and depth of lines varied from store to store.

Another Approach

While name brand jeans are the name of the game for most discounters hoping to upgrade their mixes, some, like Roses, have shifted attention to their own jeans program. Roses has instituted a jeans program for men and ladies in the Buffalo Junction line, which offers both basic and fashion jeans. The basic jeans are modeled after Wrangler's and Lee's.

New fabrications in casual wear were also important in 1981 and are expected to be more important in 1982. Caldor's fabrication offerings for men included twill and polycotton blends in pastels, brights, basics and plaids for men's pants. The casual pants were displayed with a number of coordinating belts, ties and an array of tops.

Roses coordinated waterfall displays of polo-styled shirts and knit shirts in its stores, emphasizing that shoulder treatments, stripings, ribbing and collar detail can create many wardrobe looks.

An S. E. Nichols buyer looks for duck to be No. 1 in the men's bottoms market next spring, and is stocking accordingly. The National Association of Men's Sportswear Buyers (NAMSB) concurs, forecasting that chino, duck, twill and drill casual pants, baker's pants, carpenter pants will double their market share in 1982.

NAMSB also predicts continued success for both western and preppy button-down shirts.

Woolco's Restructuring Impact Is Still to Come

(Continued from page 44)
leased to the company's Footlocker and J. Brannam divisions or subleased back to the landlord.

The past year also marked the completion of Woolco's takeover of the operations of its remaining leased departments—automotive and shoes—to recapture high-margin dollars in those categories.

According to management, the leased departments and an apparel buying syndicate—which Woolco absorbed in 1980—were factors that kept Woolco barely profitable.

Woolco ended fiscal year 1981 with a 6% increase in sales, to $3.4 billion, compared to $3.2 billion a year ago. With its new merchandising program—which puts heavy emphasis on apparel—the chain expects to boost sales per square foot from $80 to $100.

Expectations of increased profitability rest with Woolco's new prototype, which it unveiled in its North Brunswick, N.J., store in August. The chain will reset some 50 Woolco's to the prototype this year and will reset all stores to the new layout within three years. The chain also plans to add 15 new stores in 1982, all of which will conform to the design.

The new format will give the store a fashion image, with expanded and upgraded mix, high price points and more branded goods—all geared to attracting a higher-income customer.

Emphasis is on soft lines. Apparel, domestics, health and beauty aids have all been expanded and placed in prominent positions around the new race track. Women's apparel, in particular, won special attention, garnering space on both sides of the race track at the front of the store.

New fixtures in wood, glass and chrome, carpeting and super-graphic signing highlight all of the departments.

Meanwhile, hard lines have been cut back, including building materials and furniture. Marginal categories, more common to the company's variety stores, such as artificial flowers and novelties, were deleted. The chain also eliminated labor-intensive areas like key-making and live pets.

Ladies' Apparel: More Discounters Stress Fashion

(Continued from page 103)
upgraded look.

An upgraded look at Hills' Buffalo store was achieved with high-rise crow's next displays of mannequins in the ladies' department. Hills clad its mannequins in color-coordinated outfits and draped them with matching accessories to give fuller, eye-catching appeal. The department also utilized more body forms on circular racks. In several departments, including lingerie, waterfall fixtures were added to maximize display space.

K mart further refined the look it gave apparel in its Indianapolis prototype when it opened its Kearney, N.J., store in May. It focused on ladies' fashion and accessories presentations, using a number of new fixtures that were first introduced in Indianapolis, but also including some new fixtures like a 6½-ft.-high arch with waterfall extenders.

K mart also continued to upgrade its mix, replacing polyester goods with more fashion jeans and preppy looks. The discounter has also improved its assortment of name brand basics in apparel, particularly in men's wear. Displays, including several torso-only mannequins, were also introduced to create color and fashion excitment. The idea, as refined here, is to let the merchandise stand out for easier viewing and encourage impulse buys.

The Kearney K mart spotlighted accessories next to women's apparel.

Renewed Efforts

In the push for expanding their broad-margin apparel business, discounters are placing more emphasis on their accessories departments. K mart, Caldor, Bradlees and others have pulled accessories together in identifiable departments adjacent to apparel areas so that customers will reach for the belt, bag, jewelry or cosmetics necessary for the "total look." Bradlees, for example, is testing jewelry and cosmetics together in its new New Milford, Conn., store—a step Caldor and Jefferson/Ward have already taken.

Lingerie is another department gaining main aisle frontage as more discounters begin to play up its fashion appeal.

Bradlees moved its lingerie department from the racetrack infield to directly behind RTW, along a wall in its newly redecorated North Brunswick store for better display. Close attention was paid to new colors in lingerie, in wall arrangements and on mannequins.

Caldor featured lingerie on a branch aisle in its women's wear department, moving name brands out front to face the aisle. Woolco added pizzazz to its lingerie department, positioning it next to RTW in its new prototype, and working to display items as keenly as those in RTW.

Book Buyers Buck Cost Hikes, Biz Slowdown

(Continued from page 105)
sellers at the cash register—to boost volume and improve turns.

For some buyers, the end result has been doubled turns, compared to the sales pace on the department's shelves.

Another tactic, employed by K mart and other discounters, is to discount books 10% to 25%. While this cuts into the 35% average margin on books, it pays off in increased volume. A Murphy's spokesman said he discounted his paperback books by 10% in order to meet competition.

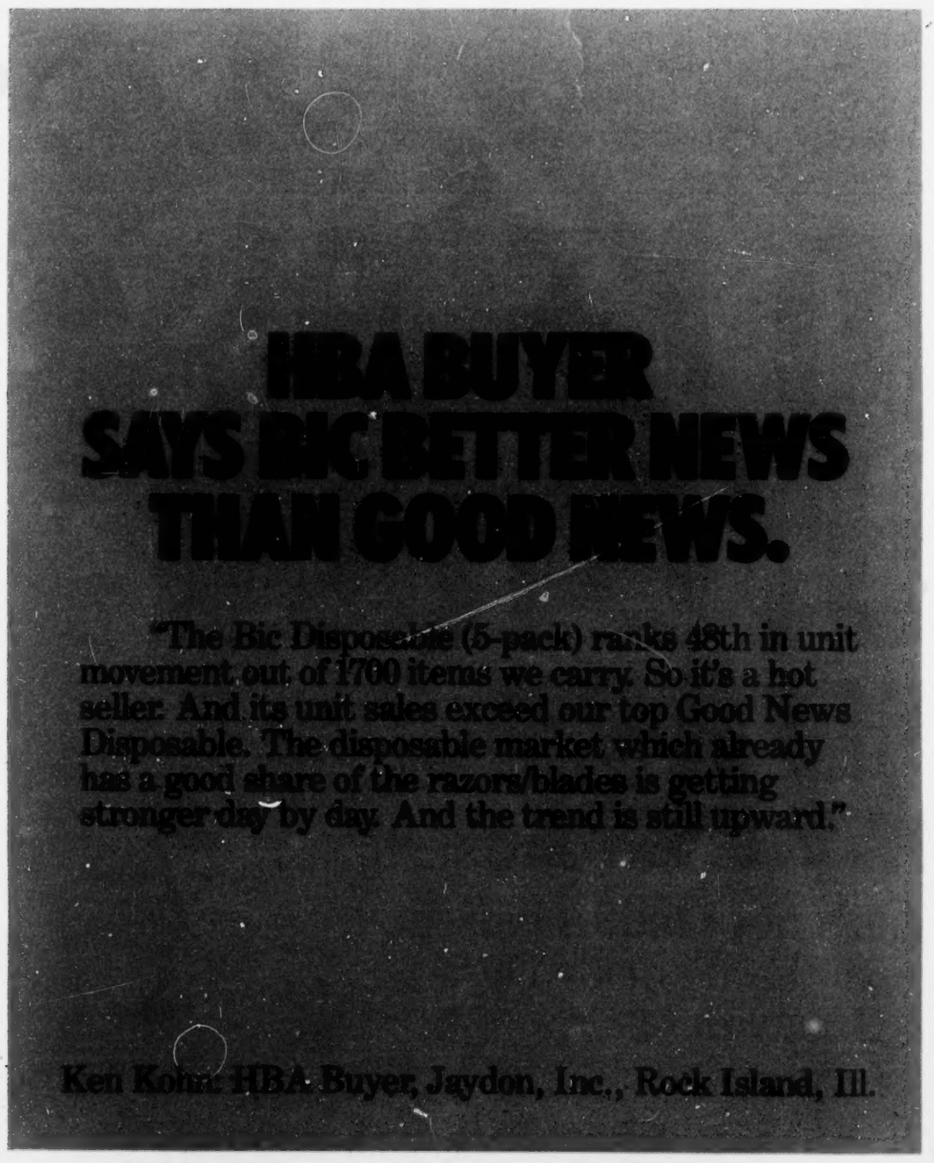
On the other hand, some believe paperbacks are impulse items and that discounting isn't necessary. "I don't discount books and we don't seem to be feeling the resistance to increasing prices that other chains have," a Heck's spokesman said.

At those chains feeling consumer resistance to industry price increases—including Woolco, Zayre and Murphy's—promotional books have been added to their regular programs. The three chains noted a pickup in promotional books due to the higher price points of regular books. In children's books, promotional items are becoming more of a business than regular books, a King's spokesman added.

Coverless books have helped at Gee Bee. Dollar sales were up 30% to 35% after the chain made a special buy, and sold the coverless books four for $1. They sold out in a month's time.

For 1982, buyers are looking for new movement in tradebacks—oversized paperbacks the size of hardbacks—that can be sold for 45% off the price of hardbacks.

However, some discounters foresee problems in stocking tradebacks, uncertain as to how they can display the books on regular pocket-sized racks. Still others say the price points on tradebacks won't entice customers. "Our customers don't want to spend $6.95 for a book," a Woolco spokesman said.


HBA BUYER
SAYS BIC BETTER NEWS
THAN GOOD NEWS.
"The Bic Disposable (5-pack) ranks 48th in unit movement out of 1700 items we carry. So it's a hot seller. And its unit sales exceed our top Good News Disposable. The disposable market which already has a good share of the razors/blades is getting stronger day by day. And the trend is still upward."
Ken Konn: HBA Buyer, Jaydon, Inc., Rock Island, Ill.
SHOULDN'T YOU REPLACE
THE BLADES THAT AREN'T SELLING
WITH THE SHAVER THAT IS?
BIC shaver

Caldor

(Continued from page 43)
colors to several shirt, sweater and outerwear styles. Buyers expect that new fabrications and colorations will help establish a more fashionable mix

New Caldor units will focus on facing more goods on main aisles and optimizing available space. This will include branching a feature aisle into women's wear, breaking sporting goods apparel into its own department opposite men's wear, and painting side walls a darker color to bring goods visually closer to traffic aisles.

Other new design features being installed in the chain's already upscale stores are, in housewares, brick-look flooring, natural wood cube merchandisers and chrome pot hangers suspended overhead.

Roses to Use New Prototype in Bows

(Continued from page 44)
is also being considered.

Underscoring the flexibility of the space, hanging signs make moving or expanding a department as easy as rehanging a sign. For the same purpose, wing walls and built-in departments were left out of the new plans.

Fixturing throughout the store was standardized to create an updated look and enhance merchandising possibilities: Piperacks and tables were replaced by fashion fixtures to give higher-ticket apparel items more play.

To further boost store productivity, the chain is also testing a point-of-sale wanding system in the new stores. Pending results, the equipment will be added chainwide.

Another new feature included in the chain's most recent floor plan is a three-way security/service desk in the left rear quadrant of the store. It includes such service-requiring or shrink-prone items as film, cameras, auto sound, ammunition, long guns and air rifles.

Sales for the first quarter ended April 30, 1981, totaled $131 million, a 22.2% increase over 1980, while net earnings for the quarter catapulted 138.8% to just over $1.9 million. Both the sales and earnings results were records for a first quarter. Chain management projects a 10.9% increase in company sales to $536 million by the end of the current fiscal year, up from last year's $483 million.

O. G. Wilson Adds High-end Products in New, Upscale Prototype

(Continued from page 3)

Sunbelt area, where its forte—jewelry, especially gold—sells phenomenally well, he said.

"We've moved away from a self-service, low-end emphasis to a number of better lines and displays," Lacy said. The cream of the crop in the jewelry business comprises the guild retailers, and Wilson is moving toward becoming a national "guild" chain in the catalog showroom industry, he said, with an emphasis on selling better goods, particularly in jewelry.

Jewelry sales, which generally constitute 15%-30% of most catalog operations, generally run above the high end in Wilson's showrooms. The new prototype here, which cost $2½ million including lands and fixtures, is projected to do $10 million in sales within two years, of which 35% will come from jewelry, Lacy said.

While the chain is attempting to grab more market share, Lacy admitted he'd be "satisfied to be No. 1 in sales in a market, only if the showroom was No. 1 in jewelry sales."

The top-selling item in jewelry continues to be the diamond solitaire, and the showrooms offer a number of one-of-a-kind jewelry items with prices generally between $4,000 and $8,000.

While the backbone of the jewelry business, in general, is credit, Wilson no longer offers its own credit card, which was discontinued about a year ago because of exorbitant costs estimated to be between 8% and 10% of sales, he said.

Since one of the precepts the chain operates under is that "jewelry is sold and hard goods are bought," Lacy pointed out that service is a key element. Sales help in jewelry are generally more mature and slightly higher paid. Each showroom also offers an on-the-premises shop where experts can size or customize a piece of jewelry to a customer's specifications.

The chain's new prototype provides a more even balance between jewelry and hard lines, something that was inconsistent in the past because the store sizes ranged from 12,000 sq. ft. to 60,000 sq. ft. with no standardized format.

The prototype, of which 28,000-30,000 sq. ft. is selling space, also moves away from the rainbow colors and tight adjacencies of previous units, and instead adopts an open, airy, earthtone-colored environment with logical and strong departmentalization.

Wilson, a member of Paul Schultz Catalog coordinators, intends to continue pumping 80% to 90% of its ad money into the catalog and 16 flyers per year. The catalog contains between 7,000 and 8,000 sku's and the showrooms carry between 30% and 40% non-in-catalog goods in toys, jewelry and sporting goods.

The jewelry department remains the focal point at the front center of the showroom. Two islands, separated by a central aisle, offer diamonds and stone rings on the left, and gold and fine jewelry on the right. With the watch area that skirts the front, left wall perimeter, the department runs approximately 4,000 sq. ft.

The light wood-based, enclosed glass-cased islands are accented overhead by four strategically placed ice-cut, inverted pyramid chandeliers. Recessed incandescent top-hat light fixtures, above the link-patterned island showcases, highlight the merchandise.

The four other key departments include an approximately 4,500-sq.-ft. toys/baby-goods/seasonal department to the far left, which is the only area of the showroom in which shopping carts are permitted, another change for Wilson. The main showroom with housewares and giftware runs between 4,500 sq. ft. and 6,000 sq. ft., and is located immediately behind jewelry in the center. On the right of jewelry is a plush carpeted, upscale gift section with open cubed, chrome fixtures and glass shelves.

Sporting goods, which is in the far left corner, is about 2,500 sq. ft., with cameras/electronics running about 3,000 sq. ft. in the opposite corner and back wall. While Wilson carries typical catalog brands such as Pioneer in its 150-sq.-ft. stereo sound room, niched out of the back wall, higher-end brands such as Sanyo are also available. The chain also carries at least one laser disc and one projection television.

On the far right wall, an approximately 600-sq.-ft. area has been devoted to home decor merchandise such as lights and eight sku's of glass fireplace fixtures.

The main showroom has a bay of six registers at the far right front wall, instead of at the back of the showroom. Department registers are also located in toys, cameras/electronics, sporting goods, and jewelry.

Gondola heights are kept low, 48-54 in., and a light wood curtain wall skirts the three perimeter walls, accenting peripheral departments with block letter signage.

The chain's NCR 2152 registers are programmed for price look-up, where the price comes up on the terminal once the sku number is entered. Many catalogers use the double-pass system that involves ringing in both the sku number and the price. However, Lacy said the price look-up approach eliminates under- or over-rings and speeds service.

Natural wood block fixtures, chrome and glass displayers and chandelier lights denote the upscale presentation used in O. G. Wilson's new San Antonio showroom. *(DSN photo)*

$66.6B

(Continued from page 1)

The smaller store size is aiding sales-per-square-foot levels, as the $115.58 per-square-foot average projected industrywide this fiscal year represents a 4.3% increase from the last fiscal year. Average sales then were $110.79 a square foot. Sales per store of $8.15 million expected this year will be 4.2% above last year's average store sales of $7.82 million.

In operations, continuing takeovers of leased departments have led to chain control over at least 90% of the operating sections in 14 of the 18 major departments industrywide.

Significant leased department operations are most common in infants' wear, shoes, jewelry and TBA departments, though discounters reclaimed 2% more of infants' wear departments this year, and control over TBA departments in the last three years has increased by 10%. Men's and boys' wear takeovers were the most common this year, due in part to extensive takeovers by Woolco.

Other leased departments are growing in the industry: Medical or dental clinics are now operated by 6% of the industry. Optometry departments were also installed by more chains this year, with 34% of the country's discounters now having them compared to 30% a year ago.

By merchandise category, apparel now represents 29% of the average store's sales, compared with 28% a year ago. Toys, sporting goods and camera departments all fell slightly as a percentage of store sales, while housewares and H&BA departments picked up slightly.

Specific changes within the industry this year included several buyouts and closings.

Receiving the most attention has been Wal-Mart's recent purchase of the entire Big K chain, a pickup of 104 stores which gives Wal-Mart a blockbuster addition in its push into the Southeast.

Fred Meyer's board of directors recently authorized sale of that chain to a group to be formed by an investment banking firm in a deal worth approximately $420 million.

Caldor also sold into a larger corporation this year, as it merged with Associated Dry Goods (ADG).

Toys 'R' Us Tests Kids' Wear; Buying Direct Is Problem

(Continued from page 1)

But like most discount stores today—including K mart, which is aggressively seeking branded apparel—Toys "R" Us is finding that acquiring brand goods direct from manufacturers isn't easy.

"We're running into resistance from manufacturers," said Devine. "They're not used to seeing their items in toy stores, and it's not unlike what happened with toy manufacturers several years ago [when discounters first tried to obtain branded toys]."

Devine said the chain has been "fairly successful" in obtaining most of the brands it now carries direct. But the chain has a problem shared by most discounters—keeping in stock and offering a full selection.

In checking 14 of 18 New York-New Jersey stores targeted by the *Daily News* ad two days after publication, *Discount Store News* found only limited selections and frequent out-of-stock situations in the stores.

The findings were:

- In-stock situations were best with Strawberry Shortcake, Billy The Kid and Garanimals in coordinated separates. Out-of-stocks were noted for Sergio Valente in all stores but two, which had only one size, and in one case, only one pair.
- Assortments were limited in all brands of jeans with only a few sizes available in each style, and only a few pieces offered in each style. In most cases, only a dozen to two dozen pieces of each branded item were available.
- Three stores carried brand names other than those mentioned in the ad: one had Sasson jeans and two had Pierre Cardin warm-up suits.
- One New York store was out-of-stock in all name brands advertised.
- A New Jersey store, with perhaps the largest department and selection, also carried sizes 5-6-7 in Billy The Kid jeans and tops.
- Presentation of name brands was limited to endcap display (notably Strawberry Shortcake ensembles) or sprinkled in with no-name brands on waterfall extenders above the racks. Some stores divided racks between boys and girls, others divided racks by size groupings.

Devine said he was unaware of problems in getting merchandise from manufacturers or from warehouses to the stores that would cause out-of-stock situations.

He attributed problems to sell-outs or trouble at store level where personnel are still unfamiliar with the needs of the apparel department.

"Obviously one store out of 20 will be out of something for a day or two," said Devine. "Our customers know our policy, and our policy is to give a raincheck to insure the customers can have the items when they arrive."

Several different merchandising programs are being tried in presenting apparel chainwide. Stores within the same market area usually have the same presentations, however, Devine said.

Throughout New York and New Jersey, stores have two to three triple-tiered or four-tiered racks, with waterfall extenders on endcaps and at the top. The runs vary in size, from 38 ft. to 25 ft. Most often the section appears in the left rear quadrant of the store, but in some stores it appears in the store's left front.

Devine said he is keeping close tabs on the departments, testing, evaluating and re-evaluating the markets on a weekly basis. After Christmas, he expects a decision will be made as to how much the chain will emphasize the department in terms of size, selection and price points.

Fabric Departments Facing Struggle

(Continued from page 111)

noted that those stores (Class 2 units averaging roughly 40,000 sq. ft.) with smaller fabrics departments had better sales per square foot than did larger Class 1 departments ($100 vs. $89).

T.G. & Y. achieved space reduction while not cutting back on inventory. Promotional tables were rearranged and unnecessary pattern cabinets were dropped in the trimming process.

At the same time, the chain upgraded its mix, de-emphasizing knits—where margins have eroded—and going for trade-up fabrics such as wools and cotton blends, and testing items like satin and taffeta.

T.G. & Y. believes customers of today are not as afraid of higher-ticket fabrics as they were four or five years ago. Quality of material, not price, seems to be the dominant concern of consumers, a buyer said.

In the move to abandon its unprofitable sku's, as well as rid itself of a costly serviced department, Woolco reduced the size of its department, upgraded price points and went to a self-service program.

Fabrics in Woolco's new prototype are premeasured and packaged, and either arranged on promotional tables or hung from double-tiered piperack fixtures. The department size was reduced by 40%, and new space was given over to other higher-margin domestics.

Following the consumer emphasis on home decor and do-it-yourself projects, Fred Meyer has also emphasized soft crafts in its fabric departments. The chain gave more space to latch-hook, crewel needlepoint and yarn, because the goods don't require the seasonal markdowns inherent in fabrics.

New Formats Spice Domestics Depts.

(Continued from page 107)

space in its new prototype (to go chainwide by 1983) to increase its fashion impact capabilities, and relocated crafts and a new prepackaged fabric program in its new race-track infield. T.G. & Y. has announced its plan to remake the area more fashionably in its new prototype to be unveiled next year.

Zayre took a shop-within-a-shop approach when it installed its new bed and bath shop in 17 of its Boston area stores; within the new format the chain is also testing seven variations on the theme. At presstime, no one format had as yet been selected.

One display presentation being tested is a pigeonhole wall display of towels, sorted by color, topped by a row of towel-wrapped cardboard cylinders which flags the department.

For larger bath shop items—hampers, for example—walls were added to the area to shop-ify it. In addition, long gondolas were trimmed lengthwise to display rugs across from towels, and items from every "shop" were drawn together on endcap vignettes.

How Cash Manager Should Manage, Monitor Banks' Services

By Stephanie Shern
Partner, Arthur Young & Co., New York

Among the cash manager's most important responsibilities are managing and monitoring the services provided by banks. He or she must maintain an efficient banking system, review and control bank balances and monitor bank service costs.

In a previous column, I discussed three major roles of cash managers—using banking systems, internal reporting and anticipating future challenges. In this article, I will consider one of these roles—the use of banking systems—in greater detail. The information that follows is based in part on the work of Bill Renshaw, a manager in our New York management services group.

A banking system should be tailored to the needs of a company. Most multilocation retail operations use a concentration banking network. Deposits from store operations are placed in a local bank, which in turn transfers all or part of the funds to a regional or a single concentration bank account for the company's use.

The type of bank and the structure of the network are dictated by the geographic location of stores, their concentration and their volume of sales. The method of conveyance from bank to bank is also important. Some retail organizations use—singly or in combination—the Depository Transfer Check (DTC), the bank wire and, more recently, the Automated Clearing House (ACH). The major goal for an efficient collection system is a simple one: next-day availability of cash once deposited.

Similarly, the primary goal in disbursing funds is to gain the maximum advantage of time, without missing due dates or discounts. Concentration bank accounts have been effective in controlling disbursements. Such vehicles for paying vendors and suppliers as zero-balance accounts, drafts and negotiated disbursement dates also help to control the payment process efficiently.

Cash managers should be aware of impending or actual changes in their business that could affect efficient use of the banking network. Planned changes in store locations, diversification into major new lines of business, changing of major suppliers—all these have potential impacts on the structure and use of the banking system.

In addition, the cash manager should continually test the system and enhance its capabilities wherever possible. This can be done in-house or by using an outside consulting service. Testing should determine how mail, processing and bank float affect the current system.

The daily reconciliation of cash balances has become one of the major responsibilities of a cash manager. To assess potential errors correctly, however, the cash manager must have sufficient and timely information.

Researching exceptions to bank-reported balances and company records is a time-consuming and costly process. The longer it takes to discover an exception, the more costly it will be for the company. Funds will not be available for use and discounts may be missed. Increasing the time also lessens accuracy in tracking missing items.

Monitoring and Controlling Bank Service Costs

This is an important cash-management function for the high-volume, multilocation corporations that rely most heavily on banking services. The processing costs for operating concentration systems and loan balances can be a significant expense to the company. Banks charge for a variety of services—loans, check processing, and ancillary services such as coin and currency shipments to stores by armored car.

Payment for these services can be either by direct fee or, more commonly, by compensating balances. Direct fees are billed to the company on a scheduled basis. Compensating balances are cash balances retained at the bank to cover expenses for such services as loan balances and the processing of transactions.

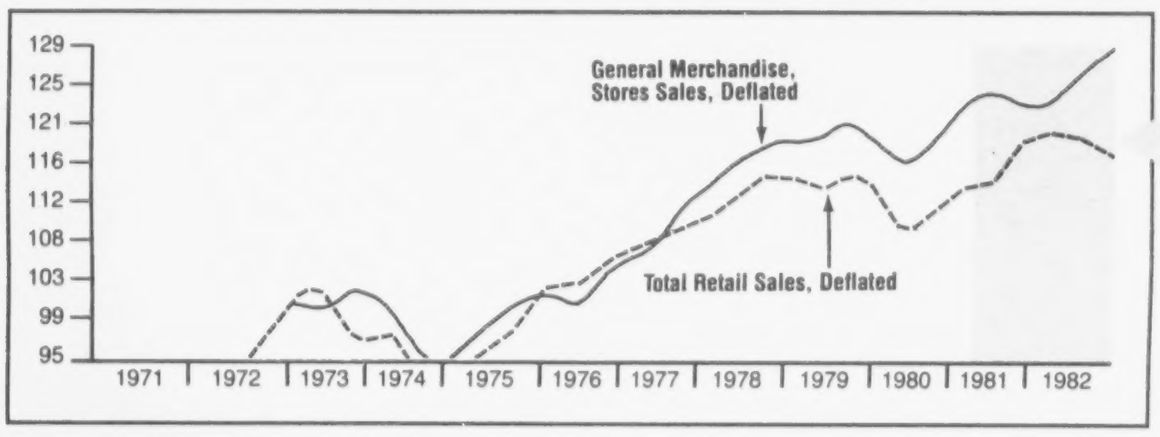
Various software packages, recently made available from vendors and banks, analyze actual costs and verify reported information against corporate records and documented banking agreements.

If you have any questions about any of the information discussed in this article or about any other area of cash management, please write or call Stephanie Shern, Arthur Young & Company, 277 Park Ave., New York, N.Y. 10172, 212-922-7068.

Stephanie Shern, C.P.A., is a former chairman of the New York State Society of Certified Accountants' retail accounting committee, for which she has conducted various seminars, and is a member of the board of the Metropolitan (New York) Retail Financial Executives Association. She is also a member of the National Mass Retailing Institute, the National Retail Merchants Association and the American Institute of Certified Public Accountants.

L/F Econocycle

Tag Discount Store Sales For a 5.7% Third-Quarter Increase



The uptempo in discounter sales is still holding firm in the final calendar month of the third quarter, despite a noticeable downshift in the general retail sales outlook in recent months.

This month, discount store sales are holding steady with projections of 6%-plus gains. And, third-quarter increases should come in just a shade under 6% (5.7% to be exact), according to the latest L/F Econocycle projections.

Increased Sales

Total retail sales are chugging ahead at a 5% growth rate for the month and current sales period.

General Merchandise/Discount

Sales Change By Quarter

	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81 1Q %	'81 2Q %	'81* 3Q %	'81* 4Q %	12-Month % Change 1979 %	1980 %	1981* %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	12.5	10.9	7.3	9	6	10
Real sales (Deflated)*	1.9	−2.4	−3.4	−2.0	0.9	6.0	5.3	1.6	3	−1	3

Base = May 1981 Sales
*Projected

The L/F Econocycle projection forecasts a slowdown just around the corner for discounters, starting in October, however. Next month, the computer model indicates gains of about 4% for discount outlets, dropping to 3% in November if current trend lines hold.

Over the past few months, several related retail sectors have continued to outdistance the general trends—and they should also be watched carefully for clues to year-end and early 1982 business:

- Department stores, for example, are expected to close the third quarter with 4%-plus gains, with a similar performance in the final period.
- Apparel specialists continue to outpace all comers with a projected 6.8% third-quarter burst, moving up to 7%-plus by year's end.
- Home center/building supply outlets are leaning into the third quarter with a hefty 7.0% gain. (But signs point to a sharp falloff of sales activity in the final three months.)

Upward Spiral

Actual results for the first half of the year at many discount chains show much higher sales gains—as high as 40.9% at Wal-Mart, 17.6% at Zayre and 14% at K mart.

Apparel sales gains are the driving force behind much of the discount department store performance, as are increased promotional efforts by some of the largest chains (Wal-Mart, K mart) to boost volume as they pursue a strategy of improving the GMROI with high-velocity merchandise, even at relatively low gross margins.

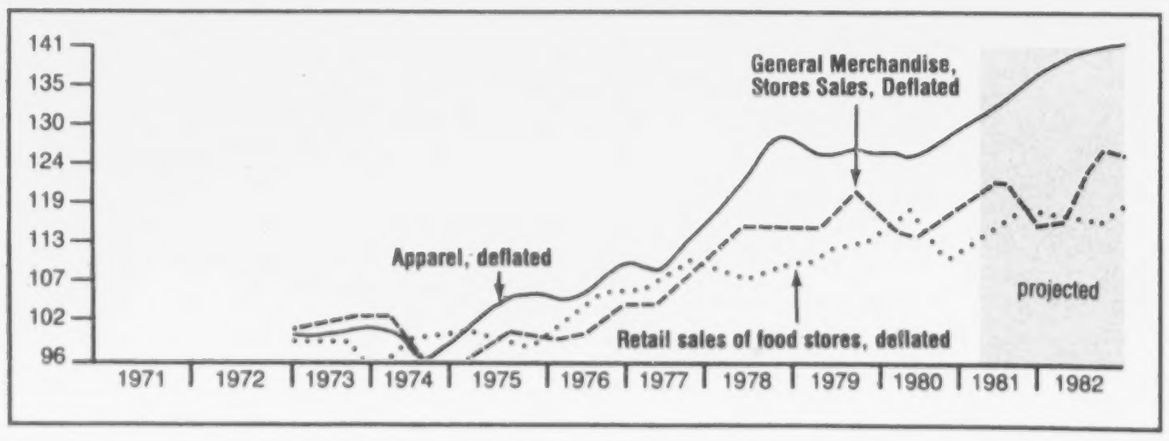
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	− 8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	− 9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	− 1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q	10.2	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	12.7	11.3	10.7	17.5	9.9	9.8	9.6	12.5	11.3
	3Q*	11.5	8.8	10.9	15.3	8.7	9.2	10.3	10.9	10.4
	4Q*	10.9	8.4	8.9	6.1	5.7	9.5	10.0	7.3	8.3
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	7.0	9.0	10.0
	1980	7.0	11.0	9.0	− 3.0	12.0	5.0	5.0	6.0	5.0
	1981*	11.0	10.0	9.0	12.0	9.0	9.0	10.0	10.0	10.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	− 1.2	5.8	− 0.0	− 2.6	3.8	4.9	− 1.4	1.9	1.8
	2Q	− 5.0	4.9	− 0.1	−17.6	2.0	− 3.4	0.5	− 2.4	− 2.0
	3Q	− 4.2	2.0	− 0.9	−18.5	0.5	− 5.8	− 0.2	− 3.4	− 3.3
	4Q	− 2.9	− 0.6	− 1.8	−10.4	3.9	− 1.1	1.5	− 2.0	− 1.1
1981	1Q	0.7	− 1.4	− 2.1	− 1.2	0.2	2.2	5.9	0.9	2.2
	2Q	4.0	0.5	1.5	8.9	0.7	4.3	5.2	6.0	5.5
	3Q*	4.4	2.7	2.5	7.0	1.1	4.1	6.8	5.3	5.4
	4Q*	5.3	5.9	1.4	1.7	− 0.6	2.5	7.3	1.6	3.0
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980*	− 3.0	3.0	− 0.7	−12.0	2.0	− 1.0	0.1	− 1.0	− 1.0
	1981*	4.0	2.0	0.8	3.0	0.4	3.0	6.0	3.0	4.0

Base = May 1981 Sales
*Projected



About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (= 100) in order to establish meaningful performance comparisons.

Buyers Shave Sku's From Electronic Game Mix

(Continued from page 3)

vertising campaign for the line is helping to keep the products in front of the public. Beside Coleco, the merchandise mix includes Space Invaders and PacMan, both by Entex; Pac-Man Monster by Bardi; Sky Rider by Ideal; Super Simon and Simon by Milton Bradley, and Merlin and Reflex by Parker Brothers. Most of the price points are in the mid-$30s. Shatley tried to avoid the high-ticket items which met consumer price resistance last year.

At T.G. &Y., a spokesman said nearly all of the electronic games—he'll carry 10 sku's—will be hand-held models. Last season, he added, he was very conservative, also carrying only 10 sku's in electronic games, so he was not forced to cut the mix in 1981.

Like Roses' buyer, he kept his price points between $24 and $27. He expects Space Invaders and Galaxia to be the top two sellers this year.

Among the criteria buyers used to decide whether to carry a specific line of electronic toys was the presence of a national ad campaign.

The T.G. & Y. spokesman stated he would not run an item unless it had a national ad campaign behind it, while Heck's Radcliffe noted that electronic toys must be presold before the customer even enters the store. "We don't have the personnel to sell the games solely in the store. We rely on extensive television advertising by the manufacturers to make the sale," Radcliffe said.

Magic Mart's buyer Gary Jackson felt models can be sold primarily within the store if the price points are within the mid-$20s range. The buyer of the five-sku category (down from a total of 23 sku's in 1980) had carryover from last year, leading him to believe that the market "became way oversaturated, and with price points in the mid-$30s on most items, customers were reluctant to go that high on an item."

This year's Magic Mart selection features Pocket Simon and Simon and Electronic Battleship by Milton Bradley, the only board game among the mix, and two low-end models that Jackson bought on special purchase in large quantities in order to build traffic in the department. Jackson planned to promote the items below $10.

"Sport games have run their course, and until something new appears on the market we won't carry any sku's," the buyer said.

Zodys, Los Angeles, spurs interest in electronic games by featuring a glass-enclosed play area where consumers can play a specific model before the purchase. *(DSN photo)*

A spokesman for Wisconsin-based Prange-Way disagreed, stating: "Football games were strong beginning in the fall of 1980, and I expect they will be again this year." The buyer is carrying boxing, baseball and football game units, the only three he'll stock.

Carrying a total of 50 sku's in 1980, the buyer admitted that he "took a bath" in the category. He cut his mix over 50% to 1981's under-25 sku total.

Kenny Resigns as President of Jefferson/Ward

(Continued from page 1)

ed to fuel its expansion.

But, Ward put the discounter's long-range expansion plan to convert 114 Ward stores to the Jefferson/Ward format on the back burner when Pistner took over.

Trade observers said that the expansion was suspended until Pistner could realign Jefferson/Ward's senior staff into the management structure used at Dayton Hudson: He replaced the discounter's six-officer line-up—president; executive vp, merchandising; exec vp, operations, and senior vps for sales promotion, hard lines and soft lines—with a seven-person staff of chairman, president, and senior vps for store operations, merchandising, marketing, hard lines and soft lines.

This move helped cause three other top Jefferson/Ward executives to depart early this summer.

Kenny said he was exploring a number of positions and would announce his plans in a few months. "I want to see what's going to happen in the retail field," he said.

Kenny's resignation was reported only in an internal company memo issued by Arnold Suval, who joined Jefferson/Ward from Zodys less than three months ago to assume the newly created post of chairman and chief executive officer.

At presstime, no announcement was made as to whether Kenny will be succeeded by another president. But, trade sources said tha[illegible]icholas Palihnich, one [illegible] Korvettes president, and [illegible]ra Quint, ex-Venture head who is now a Ward's executive, are among a number of retailers being considered for the post.

In the realignment, the chairman's responsibilities include long-range planning, while the president focuses on day-to-day operations.

On the merchandising side, the executive vp, merchandising, post, which had been held by Ramond Mufson before he resigned, has been eliminated. The senior vp spots for hard lines and soft lines are now the top merchandising positions.

The hard lines job formerly held by Hy Rosenstein is open; Joyce Black continues as senior vp, soft lines.

The top spots overseeing the stores are now senior vp, store merchandise, filled by Joel Peney, who had been senior vp, sales promotion, and senior vp, store operations, a new post held by Edward Dixon, who joined the discounter about two months ago from Zayre, where he had been a vp and Midwest zone manager. The two positions replace the executive vp, operations, job held by John Hill, who has resigned.

The new senior vp, marketing, is Martin Baker, formerly Bradlees' vp, marketing. The post replaces the sales promotion job held by Peney, and has much greater responsibilities.

Another newly created spot is vp, management information systems, which has been filled by Robert King, who held a similar job with Blue Cross/Blue Shield.

John Said continues as vp, human resources, the only other top headquarters executive besides Joyce Black and Peney who had served under Kenny.

Two other newcomers to the chain are Lee Donnelly, who fills the new post of vp and divisional merchandise manager of home entertainment and major appliances, and Jim Navarro, dmm of shoes. Donnelly had been a vp of Wards Co., the electronics and appliances specialty store chain which is also the lessee for these categories in Zodys. Navarro had been head of Morton Shoe's leased department division.

The other key executive who served under Kenny and is still with Jefferson/Ward is Mike Lewis, who continues as senior vp, northern stores. He is based in New Jersey and oversees the discounter's cluster of about two dozen stores in the Greater Philadelphia-Wilmington, Del., market.

Under Kenny, the first wave of Jefferson/Ward's expansion was the acquisition of about a dozen stores in Virginia, Tennessee, Delaware and Florida, followed by the takeover of about two dozen stores in the Greater Philadelphia market that had been either Two Guys or J. M. Fields units.

Ward executives then projected converting 114 conventional Ward department stores to the discount format before this move was suspended by Pistner.

Originally, the discounter planned to test its upscale merchandising format in a few stores in different markets before making a major expansion move. But the sudden availability of the two dozen stores in the Philadelphia area turned "the experiment into the chain's growth program," one source said.

Jefferson/Ward stores overall are reportedly just under sales projections, assertedly due to the same economic factors that have adversely affected other discounters.

Sources both inside and outside the company pointed to the discounter's small merchandising staff—and its lack of experience with stores in northern markets—as major handicaps in the chain's expansion efforts.

Pistner's realignment of the Jefferson/Ward staff is seen as an attempt to meet these problems.

20 Years

(Continued from page 3)

30.3% for the same period, or 134 million sq. ft.

Sales per square foot are up 16.7% over the last five years, while sales per store have increased 14%. (Total volume increase per store equals $1 million since 1976.)

Gains industrywide between 1980 and the current fiscal year reflect tight planning by most chains—the net gain of new stores has been cut back 9% from 1980's construction levels.

Chains no longer counted—though stores for the most part have been absorbed by other discounters—include Ayr-Way, Barkers, Big K and Rink's; and The Treasury, which was closed this year.

Though general industry growth patterns for the 20-year period show healthy growth, one-time powerhouses of a decade ago (including Korvettes, Arlans, J. M. Fields, Interstate, S. Klein and Daylin) have disappeared.

Latest DSI Price Indexes Are Released

Category	Index (January 1941 = 100) July 1981	January 1981	July 1980	Per Cent Change to July 1981 From: January 1981	July 1980
Piece Goods	383.4	376.5	366.1	1.8	4.7
Domestics & Draperies	467.2	438.7	437.1	6.5	6.9
Women's/Children's Shoes	517.9	515.0	500.8	0.6	3.4
Men's/Boys' Shoes	652.3	633.0	616.7	3.0	5.8
Infants' Wear	444.7	420.7	408.5	5.7	8.9
Women's Underwear	357.7	345.1	334.1	3.7	7.1
Women's/Girls' Hose	210.6	204.7	201.8	2.9	4.4
Women's/Girls' Accessories	390.2	386.8	383.2	0.9	1.8
Women's/Girls' Outerwear	324.5	323.3	323.0	0.4	0.5
Men's Clothing	428.4	416.7	404.6	2.8	5.9
Men's Furnishings	414.9	405.0	389.1	2.4	6.6
Boys' Clothing/Furnishings	395.4	387.7	380.5	2.0	3.9
Jewelry	694.7	711.5	688.3	−2.4	0.9
Notions	425.3	407.1	406.0	4.5	4.8
Toilet Articles/Drugs	507.0	481.9	465.8	5.2	8.8
Furniture/Bedding	489.0	468.5	460.1	4.4	6.3
Floor Coverings	406.4	371.4	364.8	9.4	11.4
Housewares	688.8	647.0	620.2	6.5	11.1
Major Appliances	226.0	216.1	208.8	4.6	8.2
Radio/Television	118.2	117.5	115.8	0.6	2.1
SOFT GOODS	424.1	412.9	405.2	2.7	4.7
DURABLE GOODS	423.2	402.2	390.8	5.2	8.3
TOTAL	423.3	409.6	400.6	3.3	5.7

The July 1981 Department Store Inventory Price Indexes are given on a national basis for the store total, for 20 major groups of departments, and for combined soft and hard goods. Floor coverings, infants' wear, housewares and toiletries showed the greatest index gains in the half-year ended in July.

Glosser to Open Apparel Store

(Continued from page 1)

The corporation expects $750,000 in sales from the new division in its first year.

Like its competitors in the industry, Glosser's is looking to draw the more affluent, brand-conscious customer that hasn't traditionally shopped its discount stores. Like its competitors, the new retailer will offer the enticement, for new customers, of 20%-60% discounts on current branded goods.

The first Winners unit will be 5,000 sq. ft., housed in a former shoe store which is located adjacent to a 90,000-sq.-ft. Gee Bee, its discount arm. This unit will carry only misses and junior apparel. But, future Winners will vary in size from 5,000 to 10,000 sq. ft.; won't necessarily be located adjacent to Gee Bees, and, depending on unit size, may carry men's and children's apparel.

"We're not locked into any number of stores, locations or mix," said Glosser.

Winners will be operated as a separate division of the corporation, although all personnel involved with the new venture currently report directly to Glosser. A new staff will be added as the chain grows. Winners will also get a "separate" public image.

"This store has nothing to do with the others," said Glosser. Even with its close proximity to a Gee Bee, separate entrances will be maintained. Merchandise won't even be received in the same place.

A New York buying service has also been contracted with to supply Winners. The service, which was hired just for the Winners stores, carries such names as H.I.S., Levi's, Ship'n Shore, Evan-Picone and Halston, which will be stocked along with other name brand goods.

Glosser emphasized that the new division intends to carry only brand names and current goods.

Discounters, Catalogers Split on New Electrics: P. 6

Some Buyers May Unload Guns as Biz Softens: P. 11

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May Gives Venture Green Light For New Chicago-Area Expansion

ST. ANN, Mo.—After nearly choking on a large bite into the Chicago market in 1979 and calling a halt to expansion since that time, Venture is planning to grow once again.

The decision to increase store base—three new Ventures are to be built late next year or early in 1983—signals a renewed commitment by parent May Department Stores to aid Venture in its make-or-break market of Chicago.

"Our progress has been chainwide this year, not just in Chicago. We have improved in every market."—Thomas Hays, president and ceo, Venture

Much of Venture's success undeniably hinges on the Chicago market and performance there over the next year or two. Greater Chicago stores represent 45% of Venture's volume, but sales per square foot (gross) there are $98.23, a full $14.57 below the $112.80 Venture does in St. Louis. (The chain had planned for sales per square foot of $92 to $95 in Chicago back in 1975.)

"There is no question that they have to improve in Chicago," said Paine Webber analyst Stuart Robbins. "May Department Stores is a very strongly controlled, well-managed company looking for ROI. Unfortunately, all too often Venture has been a cash drain for them. And like anyone, the company only has a limited amount of patience."

Venture is scouting locations in suburban Chicago, including north of the city to the Wisconsin border, for new stores. Sources say May plans to build

(Continued on page 30)

Bottom Lines Drag Because Of 1980-81 Stagflation: NMRI

NEW YORK—The 1980-81 economic stagflation battered discount store chains, driving up expenses and lowering earnings.

Discounters tried to counter the depressed economy by buying volume through the use of increased advertising—a move that further weakened the bottom line by producing lower margins.

This is the picture of the discount store industry, according to the National Mass Retailing Institute's Operating Results of Self-Service Discount Department Stores, 1980-81. (The study, which was conducted by Cornell University for the NMRI, confirms *DSN*'s analysis of the industry's performance in the 1980 mini-recession, as reported in the April 20 issue.)

The few positive results reported in the NMRI study included small gains in average store sales and sales per square foot, and a big drop in stock shortages.

Thirty chains that operated 2,027 stores and had $9 billion in sales participated in the study. Their average store volume went up 2.4% from $4,432,000 to $4,537,000, while average sales per square foot of selling space of $96.83 increased 8.3%.

(Continued on page 35)

After-tax Profits Droop

	Per Cent of Sales 1979-80	1980-81
Number of (Identical) Firms	28	28
Gross Margin	28.68	28.36
Leased Department Income	0.59	0.55
Gross Income	29.27	28.91
Total Expense	25.12	26.03
Net Operating Profit	4.15	2.88
Other Income or Deductions	– 0.25	– 0.43
Earnings Before Income Taxes	3.90	2.45
Federal & State Income Taxes	1.75	1.04
Net Earnings After Taxes	2.15	1.41

Sales and earnings as a per cent of sales were broken out for 28 identical discounters in annual NMRI study.

Displays in Showcases Mark Radically New Best

By Arthur Markowitz

MONTGOMERYVILLE, Pa.—Best Products has unveiled a radically new 67,000-sq.-ft. prototype here designed to boost showroom productivity by a number of techniques, including using locked glass showcases to display clipboard-ordered goods, and cutting the store's full-time staff by about 20%.

The cataloger first tested the innovative showcases—designed to lower labor costs and improve store security—by using them to display all merchandise in two experimental, scaled-down sales centers opened a year ago.

In the new full-size prototype, the cataloger limited use of these showcases to such merchandise as housewares/appliances, silverware, giftware and consumer electronics. Traditional self-service mass displays continue to be used in sporting goods, toys and juvenile furniture, automotive and hardware.

(The cataloger has moved the sales center concept out of the lab and will use such 25,000-45,000-sq.-ft. showrooms as

(Continued on page 29)

Customer writes order while leaning against glass showcase that is hallmark of Best's new prototype showroom, unveiled in Montgomeryville, Pa. Note order desks between showcases. *(DSN photo)*

Bilingual Ames Opens Near Canada, Shifts Adjacencies

By Frank Cavaliere

CHAMPLAIN, N.Y.—With a "Bienvenue à Quebec" road sign almost visible from the storefront, Ames opened a 32,500-sq.-ft. unit here in the upper reaches of New York State.

The newest Ames store was built in the existing Champlain Shopping Center with a Grand Union supermarket as a co-anchor. Previous Ames units near the Canadian border are in nearby towns of Malone, N.Y., and St. Albans, Vt.

Company officials are hopeful that customers will arrive at their Champlain store from as far north as St. Jean, Quebec, located 20 miles south of Montreal. In order to accommodate French-speaking patrons, tabs, circulars and run-of-press advertisements will be printed in French for the Champlain store, as was the case for the Malone and St. Albans units. Champlain store personnel will reportedly have at least a working grasp of the French language, according to company officials.

The new store is 11,000 sq. ft. less than the chain's next sized unit, forcing company mer-

(Continued on page 34)

Bullish K mart Reaffirms Strategies Despite Downturn in Gross Margin

NEW YORK—K mart met privately with a group of retail analysts here, to explain recent downward trends in the chain's gross margins.

Chairman Bernard Fauber, president Sam Leftwich and executive vice president of finance Robert Brewer painted a rosy picture of the chain, though no changes from its existing strategies were announced.

Fauber reviewed the chain's 1980's planning, including the decision to seek growth internally—that is, through existing stores—by intensification of key departments. Apparel departments will still be emphasized, using a mix of K mart labels and some brands, while fabric shops are closed and major appliances phased out partially in all stores (fully in the smallest K marts). Apparel, paint and the chain's "K Care" auto service program are targeted for the largest market share gains.

K mart will also continue to

(Continued on page 31)

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Gundlach (He's Been There) Urges Controls to Fight Inflation

Heinz Gundlach is a man with a mission.

Known best to retailers as vice chairman and chief executive officer of FedMart, Gundlach has a banking background and is now financial advisor to FedMart owner Hugo Mann, among others. He is first and foremost an investment banker—and it is in economics that he has found his mission.

Gundlach has bitter memories of post-World War II Germany, where he was born, and of the inflation and economic depression that engulfed that nation in the early 1940's. He also has second-hand knowledge, through his parents, of the economic woes that hit Germany after World War I. Gundlach sees a danger of the same kind of economic problems here, and has taken as his mission the role of an economic Paul Revere, warning of the dangers he sees ahead.

Gundlach is an ardent free-marketer, certainly not a monetarist and not a supply-sider either, when it means Government controls; but so clear is his vision of uncontrolled inflation that he is willing to suspend his distaste for Government controls. In fact, he calls for stringent new controls.

DSN's far-ranging interview with Gundlach covered the economy, retailing and FedMart—though the usually taciturn Gundlach turned completely silent on FedMart because his friend Hugo Mann has taken the chain private, and "doesn't have to release any of that information anymore."

"Strikes are not collective bargaining. They're collective blackmail. . . . For a given period of time, there must be controls. You cannot employ capitalistic tools in a socialist society, which is what the United States is fast becoming. Wages—and prices—have to be controlled for an indefinite time, and rolled back, and other controls must also be clamped on."

—Heinz Gundlach, former chief executive officer, FedMart.

DSN: Heinz, what is your reading of the economy?

GUNDLACH: We're in a recession now. The automobile industry, which (with all its suppliers) accounts for almost 50% of the gross national product, is in a deep recession and has been for quite some time. Statistics notwithstanding, tight money, cost-of-living adjustments and Social Security adjustments tied to the consumer price index—which overstates inflation—have ruined the economy.

DSN: Costs indexed to the CPI *are* a major factor in our rate of inflation. What can be done to correct that problem?

GUNDLACH: In West Germany, for example, the Government purposely understates inflation, so as to avoid hurting the economy. It consistently reports 5%-6% inflation, although it has been much higher for many years, and that figure is sanctioned by a board of economists, to give the impression that it is real. They know what's at stake; Europeans have been coping with inflation for three generations. The United States has had serious inflation only since the mid-1970's.

DSN: What do you think caused the high inflation we're now experiencing?

GUNDLACH: In spite of two wars—Korea and Viet Nam—that were financed through new Government debt (budget deficits), inflation in the United States stayed at 5% or less—considered high by United States standards. As a result, Social Security, Government payrolls, labor contracts, pensions, rents in commercial leases and other factors were for the first time indexed to the inflation rate (CPI). No one resented it then—the rate was low enough that no one got hurt. But now those indexed expenses have snowballed. Government deficit spending has risen, profits have declined, and these indexings have become a vicious cycle.

DSN: What's the answer?

GUNDLACH: The monetarists think they have the answer; slow down the money supply. But they can only *slow* the *rate* of increases, not reverse the trend. I'm totally in favor of President Reagan's approach so far—except for the high interest rate strategy—but it's not enough. High interest rates alone will not work, because the world economy is not free from other influences. Big industry, which is unionized here and abroad, does not bargain with its workers, but with national labor organizations that frequently have more resources than the respective corporations. Strikes are not collective bargaining, they're collective blackmail. The resulting cost increases are passed on to the consumer, feeding the inflationary spiral. Monetarism hurts the employer, not the unions, and unions will not lower actual wages unless the employer is close to bankruptcy.

DSN: That's a criticism of the status quo, but not an answer to the problem. What would Heinz Gundlach *do*, to correct the problem?

(Continued on page 16)

Discount Execs Get the Views on Capitol Hill

A day-long lobbying effort spearheaded by the National Mass Retailing Institute got discounters and lawmakers together (see editorial, p. 4). Top photo: Harold Plunk (right), executive vice president, and Tom Lewis (center), vp and secretary, both of T.G. & Y., met with the man from Oklahoma—first-time Sen. Don Nickles. Bottom: Early-morning prep session featured Sen. William V. Roth (R-Del.) at the podium; Rep. Barber B. Conable (R-N.Y.) is seated at right. David Godfrey (center), vp and general manager, Hart Stores, moderated. *(DSN photo)*

4th Annual Financial Parley Of NMRI Due Nov. 18-20

NEW YORK—The National Mass Retailing Institute's fourth annual financial conference will be held in Miami Beach Nov. 18-20.

The program schedule comprises a mix of roundtable workshops and general sessions. Some of the topics to be covered and speakers are: "You Catch a Thief," a seminar on white-collar crime, presented by Frank W. Abagnale; "Economic Forecast for the Mass Merchant," Stuart M. Robbins of Paine, Webber, Mitchell, Hutchins, speaker; "Strategic Planning for the Financial Executive," Dale Feet, speaker, and "Personal Tax Planning," by Carl L. Glassberg and Martha L. Jay of Peat, Warwick, Mitchell.

Figures Analyzed

Workshops will discuss internal auditing, inventory shortage control, personal tax planning and EDP resource management.

The opening banquet will feature Richard P. Wilson, manager of organizational development, Arthur Young & Company.

For further information contact Carol Atkin at 212-354-6600.

In This Issue...

UNLOADING? Following disappointing sales of guns so far this year, several buyers say they may drop the category. (P. 11)

AUTONOMY LIVES. Danners credits decentralized reordering as a factor in its dramatic profit turnaround. (P. 3)

PICKY, PICKY. Discounters are being more selective than catalogers when it comes to adding new, higher-priced electric housewares. (P. 3)

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Vol. 20, No. 20 Oct. 5, 1981

Economy Lags, Chains' Bottom Lines Drag: NMRI

(Continued from page 1)

Stock shortages (at retail) as a per cent of sales plunged 32.5%, from 2.09% to 1.41%.

The NMRI also broke out separate figures for 28 chains that had been participating in the study for a number of years.

These 28 chains had $7.9 billion in sales from 1,852 units. Their average store volume went up 6.9%, from $4,253,000 to $4,545,000, while the average sales per square foot jumped 9.2% from $96.23 to $105.08.

Expenses Up as % of Sales

	Per Cent of Sales 1979-80	1980-81
Number of (Identical) Firms	28	28
Total Payroll	12.51	12.69
Supplies	0.78	0.77
Communications	0.31	0.33
Travel	0.25	0.25
Services Purchased	0.67	0.77
Advertising	2.51	2.57
Taxes and Licenses	1.25	1.28
Utilities	1.05	1.18
Insurance	0.71	0.71
Property Rentals	2.53	2.41
Equipment Rentals	0.55	0.48
Depreciation and Amortization	0.74	0.85
Repair and Maintenance	0.58	0.62
Donations	0.02	0.02
Professional Services	0.13	0.13
Unclassified	1.16	1.35
Credits and Allowances	– 0.63	– 0.37
TOTAL EXPENSE	25.12	26.03

NMRI study of identical chains over two consecutive years analyzes 17 expense factors as a per cent of sales.

These 28 identical firms are considered a benchmark which "due to their consecutive reporting of financial data, present an accurate reflection of year-to-year changes in the financial and operational state of the industry," the Cornell compilers of the study said in the foreword.

A look at the combined dollar averages as a per cent of sales for these identical discounters points up the industry's difficulties in the 1980-81 period.

The bottom-line results showed major declines, with gross income off 1.2% from 29.27% to 28.91%. Higher expenses magnified this drop so that the net operating profit was down a whopping 30.6% from 4.15% to 2.88%.

Pretax income declined 37.2% from 3.9% to 2.45% and while Federal and state income taxes dropped 40.6% from 1.75% to 1.04%, the net earnings were still off a big 34.4% from 2.15% to 1.41%.

Key to the difficulties was a 3.6% jump in total expenses, which went from 25.12% to 26.03%.

Expenses increased as discounters spent more money on payroll and advertising, had higher utility costs and paid more for services, maintenance and repair.

Advertising costs rose 2.39% from 2.51% to 2.57%, fueled by higher media rates and discounters' increased promotional activities to buy volume in the face of weak demand. If the increase in store volume is any indication, then this effort paid off.

Payroll and advertising expenses are costs that discounters can control to a large degree, and the increases were much less than boosts incurred from less directly controllable costs.

Utilities, for example, jumped 12.4% from 1.05% to 1.18%, while purchased services such as cleaning leaped 14.9% from 0.67% to 0.77%. The cost of both of these expenses is determined, to a large degree, by the providers of the services, so that discounters have much less flexibility in controlling these costs without, at the same time, cutting into the basic environment—and attractiveness—of their stores.

The importance of maintaining and updating stores to retain their appeal to customers was evident in the increased funds that discounters spent on repair and maintenance. This expense increased 6.9%, from 0.58% to 0.62%.

The key area where discounters were able to cut costs was in rentals, where recycling of closed stores helped to reduce this expense by 4.7%, from 2.53% down to 2.41%.

A smaller number of identical firms—25—reported on assets, liabilities and net worth, and these statistics also pointed up the difficult period discounters had in 1980-81.

Net worth, for example, plunged 9.4% from 35.71% down to 32.36%, and total liabilities went up 5.2% from 64.29% to 67.64%. Current assets dropped 3.6% from 65.08% to 62.76%. The key positive statistic was the 3.96% drop in net inventory as a percentage of total assets: from 53.42% to 51.30%. This took place as sales went up, so that discounters were more productive in their use of inventory dollars.

The increase in liabilities included a 12.4% boost in total current liabilities from 33.03% to 37.12%, sparked by a 394% jump in notes payable from 1.68% to 8.3%. Discounters slowed down their payment to vendors due to the mini-recession as part of their overall efforts to hold down costs.

At the same time, the identical chains reduced their use of long-term debt and this balance sheet component dropped 2.4% from 31.26% down to 30.51%, thereby helping to hold down the overall increase in total liabilities.

King's Will Abandon Delaware, Florida

(Continued from page 3)

store locations are leased, not owned by King's.

Expiration dates on King's leases vary, some with only a few months to run and others good for another 15 years. Kwasnick said no agreements had been reached to date on the disposal of the sites, though negotiations were under way. He would not say who the chain was talking to.

Kwasnick said the cash generated from store closings "will help our bottom line, because it will moderate our dependence on bank financing. Next year should be a good, up year for us. This is a positive move."

KDT Industries reported a net loss of $4.5 million for the first six months of the current fiscal year. A year earlier (prior to the Barkers/Franklin stores purchase) King's reported a net loss of $2.1 million for the first six months of the year ended Jan. 31, 1981.

The latest six-month loss came on sales of $387.6 million, a 55.4% increase from sales the year before in that period, which were $249.5 million. However, sales this year includes the Barkers units, which were not included for the first half of King's last fiscal year.

In pro-forma results, which state operating results as if Cornwall Equities (Barkers' parent) had been acquired at the beginning of King's last fiscal year, sales increases totaled only 5.4%. However, the bottom line showed significant improvement. Losses for the first half of the current fiscal year hold at $4.5 million, compared to losses of $10.3 million if Cornwall Equities is included.

Kwasnick cited the $5.8 million improvement in pro-forma operating results and said he was pleased with the six-month figures. Critics point out that the financial pressure on King's has come about since the acquisition. Net income for the years ended January 1978 and 1979 and February 1980 exceeded $15 million, while last year's net income was $3.9 million at the historically profitable chain.

Kwasnick said the changes in market base will aid the chain's future profitability. He admitted that the acquisition of Barkers had strained distribution support facilities at King's, but said that after the closings, "we will be given increased efficiency in distribution due to the smaller size of the chain."

Other changes at King's included the naming of a senior vp of operations for the chain, Leonard Oppenheimer. He came to King's from Howard Brothers, where he was senior vp of marketing and merchandise development.

Vornado Fingers Closings For Loss

GARFIELD, N.J.—Vornado, operator of Two Guys, credits expenses involved in closing seven supermarkets and three stores for the bulk of a whopping $10.3 million loss in the second quarter of this fiscal year.

New Two Guys president Lawrence Schaen, who was not involved with the chain for the first two quarters of this fiscal year, said: "Most of the loss stems from a combination of factors, the bulk of which were expenses related to store closings."

Stores in Reading, Milford and Springfield, Mass., were recently disposed of, while seven supermarkets were closed at midyear: five in New Jersey and two in Pennsylvania. Two months prior to closing the seven supermarkets, Two Guys had shuttered four supermarkets. The chain no longer operates any food stores.

Schaen said more store closings were possible, though not planned at present. "We are in a process of evaluating store performance," he said. "When we finish the evaluation, we'll know what to do."

For the second quarter of this fiscal year, the $10.3 million loss came on sales of $131.3 million. Sales were 12.8% below second-quarter sales of $150.6 million last year. Losses of $1.1 million were recorded in last year's second quarter.

Over the first half of the fiscal year, the loss at Vornado totaled $17.9 million, compared to the loss of $4.9 million in the first half of last year. Sales for the first half were $253.2 million, a 7.9% drop from the year-before's $274.9 million.

K mart Firms Up Mexican Toehold

TROY, Mich.—K mart and the Gentor Group of Monterrey, Mexico, have finalized the $50 million agreement which gives K mart control of 44% of Gentor's Astra group.

The move gives the United States retail giant its first toehold in south-of-the-border markets. Under the agreement, K mart will train Astra management and provide buying power for the 17 Astra units, which will be converted into discount stores.

Aug. Sales Down 1.4% at Woolworth

NEW YORK—Sales at Woolworth were down 1.4% for August, from $451,477,000 in 1980, to $534,059,000 this year. During this period, domestic sales increased 4% while foreign sales expressed in United States dollars decreased 11.9%.

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Heck's Bucks Trend by Opening Bigger Store; Apparel Pushed

By Betty J. Taylor

SALEM, Ohio—Heck's is giving apparel center court in a new race-track format which debuted here in a new store which, at 50,000 sq. ft., is more than 11% larger than the chain's existing units.

As in two new stores recently opened in Winchester and Christiansburg, Va., two more units scheduled to open this year, and 12 to 16 slated for 1982, the chain is bucking the trend among retailers to build smaller stores. Traditionally, Heck's stores are 43,000-45,000 sq. ft., with approximately 32,000 sq. ft. of selling space. The new units, with 12,000-sq.-ft. infields designated for apparel, have 40,000 sq. ft. of sales space, and warehouse space which has been cut in half.

"We feel with the larger stores that we are able to give our customers a little more area to shop, and give ourselves a little more chance to display and sell soft goods," said Ray Darnall, president.

"In the 40,000-sq.-ft. stores, we had to jam merchandise into the aisles, and during certain seasons it hampered the ability of the customers to shop."

By trimming the size of 7,500-sq.-ft. warehouses by 3,500 sq. ft., the chain expects more merchandise out on the floor to increase per-capita sales.

(Continued on page 46)

FedMart Shuttering 12 Stores And 2 Warehouses in Texas

SAN DIEGO—In its ongoing struggle to return to profitability, FedMart will shutter 12 stores and two major warehouses in Texas before the end of the month.

The closings will see the chain vacate stores in Brownsville, College Station, Dallas (2), Houston (3), Pasadena (2), San Antonio (2) and Victoria, and warehouses in Houston (a company-owned 119,660-sq.-ft. facility) and in Hempstead, a Houston suburb (a leased 88,-650-sq.-ft. facility). At presstime, no buyers had been announced.

The chain will not close its two El Paso stores nor its 100,-000-sq.-ft. Las Cruces, N.M., unit which will become part of the chain's Arizona division.

According to FedMart executives, the store-closing decision was made "in order to allow management to direct its full attention and all of the company's financial resources to its southern California and Arizona trading areas, where a majority of our stores are located and a greater opportunity for long-term growth exists."

In addition to its stores and

(Continued on page 50)

The Philadelphia Story: Jefferson/Ward Fails to Build a Strong Following, Image

LEVITTOWN, Pa.—Jefferson/Ward has had limited success so far in its invasion of the Greater Philadelphia market.

Nearly a year after it opened in its northernmost market, the Florida-based chain has failed to develop a strong following among area shoppers, by not developing a market identity that would substantially differentiate it from its most direct upscale discount competitor, hometown Clover.

Those observations are the result of *DSN* interviews of shoppers at the single store each chain has on Route 1 in this suburban Philadelphia market and of discussions with competitors and trade observers.

The shopper survey showed Jefferson/Ward was rated higher than Clover on only three of six performance criteria: convenient location, store appearance and helpful clerks.

Clover scored higher on the other three factors that are more critical to shoppers in judging a store: price, in-stock position and merchandise quality.

Clover's higher rating on these three-key criteria helps to explain its stronghold on mass-market consumers—the same group that is Jefferson/Ward's target.

Jefferson/Ward's failure to draw heavy traffic was noted by competitors and trade observers who consistently cited fairly empty parking lots at the discounter's 15 area stores, a situation also seen by *DSN* reporters on visits to the area during the year since the chain has been operating in the market.

Compounding Jefferson/Ward's problem has been the difficulty of wooing customers back into the Two Guys and J. M. Fields stores the chain now occupies. In their last days, those stores were so poorly stocked and maintained that shoppers were turned off.

While Jefferson/Ward has successfully revamped these—and the discounter scored highest (on the six-performance criteria test) in store appearance—many of its Philadelphia area units are stand-alone facilities, like Clover, unable to benefit from the higher traffic flow of strip centers.

One former chain source acknowledged that the discounter hasn't given low- and middle-income shoppers a reason to buy at Jefferson/Ward rather than at Clover or at Sears. By straddling both the upscale discount store and conventiona mass market department stor fields, Jefferson/Ward ha failed to be a dominant retaile in either.

The combination of poorer lo cations, the need to overcom the image and reputation of fo mer tenants and the inability t strike its own posture are th keys to the shopper survey findings that Jefferson/Ward i not seen as being sufficientl different from Clover to giv consumers a reason to switc stores.

(Jefferson/Ward's nationa expansion has been put on hol by Stephen Pistner, presiden of parent Montgomery Ward One reason is believed to b Pistner's interest in developin

(Continued on page 51)

Clover Makes Hay in Shopper Poll

Factors	CLOVER				JEFFERSON/WARD			
	Importance to Shoppers[a]		Shoppers' Judgment of Store Performance[b]		Importance to Shoppers[a]		Shoppers' Judgment of Store Performance[b]	
	Score	Rank	Score	Rank	Score	Rank	Score	Rank
Low Prices	4.38	2	7.33	4	4.71	1	6.86	5
Mdse. Quality	4.80	1	7.10	5	3.71	2	7.05	3
In Stock	3.57	4	7.71	3	3.09	4	7.05	3
Convenient Location	4.00	3	8.67	1	3.52	3	8.86	2
Store Appearance	1.83	6	8.38	2	2.33	6	9.61	1
Helpful Clerks	1.90	5	5.24	6	2.38	5	5.38	6

(a) Shoppers were asked to rank the importance of the six criteria on a scale that had six as the highest and 1 as the lowest. The ranking and score is listed next to each factor.
(b) Shoppers were asked to score each store on six criteria on a scale that had 10 as the highest and 1 as the lowest. The six factors are listed in order of their ranking for each chain, along with the grade each received.

Performance Results for 15 Discounters in Latest Fiscal Year

Chain	Sales (in millions)	Net Income (add 000)	Net Income/ Sales Ratio	Pretax $ Growth/Last yr.	Five-yr. Net Income Growth	Cost of Sales	Gross margin	No. Turns	Current Ratio	Debt/ Capitalization	Leverage Factor	Return on Assets
K mart	14,204	255,611	1.7%	–30.1%	5.5%	73.3%	27.6%	3.7	1.91	46.5%	2.6X	4.2%
Wal-Mart	1,643	55,682	3.4	33.6	38.0	73.5	27.0	4.7	1.94	39.9	2.2	10.3
Zayre	1,594	18,015	1.1	– 0.8	35.2	75.8	24.2	4.3	2.40	56.7	3.2	3.2
FedMart	1,040	–6,330	—	deficit	profit to deficit	78.1	24.1	7.0	1.42	63.1	3.9	deficit
Vornado	706	– 750	—	profit to deficit	profit to deficit	70.7	31.4	5.4	2.45	40.9	2.1	deficit
King's	573	15,494	2.7	– 3.2	15.4	66.5	33.8	3.8	3.49	45.4	2.3	7.4
Caldor	563	19,748	3.5	19.0	30.4	77.4	22.6	4.9	1.92	53.0	3.2	7.2
Heck's	432	15,399	3.6	– 1.3	24.7	71.9	28.8	2.8	2.46	45.6	2.5	6.5
Cook United	423	4,227	1.0	0.8	deficit to profit	73.1	26.9	3.7	2.83	42.0	2.5	2.2
Pamida	332	3,053	0.9	1,352.5	–14.1	76.4	23.9	3.1	2.86	30.1	1.9	2.4
Ames	292	8,266	2.8	12.8	31.3	68.8	32.7	3.4	3.02	46.3	2.8	7.0
Jamesway	242	6,371	2.6	4.2	28.5	69.8	31.1	3.8	2.88	42.5	2.4	7.1
S. E. Nichols	212	3,540	1.7	17.5	deficit to profit	74.9	26.9	3.5	1.90	44.3	3.1	4.9
Gaylords	123	288	0.2	–76.0	18.5	77.1	22.9	4.0	1.55	52.5	3.5	0.6
Danners	108	450	0.4	10.6	–11.4	69.5	30.5	4.3	2.02	55.5	2.9	1.3

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Zodys Spreads North, Leases 70,000 Sq. Ft. in 7 Ex-Gold Circles

LOS ANGELES—In a move that marks its first major penetration into northern California, Zodys has leased approximately 70,000 sq. ft. in each of the seven shuttered Gold Circle stores from Cincinnati-based Federated Department Stores.

The seven units, three to open in Sacramento Oct. 21 and four in San Jose in mid-February, are expected to boost Zodys' sales in fiscal 1983 by about $50 million, according to Edward D. Solomon, chairman, president and ceo of parent Hartfield-Zodys.

The seven-unit takeover substantially accelerated 44-unit Zodys' four-year expansion program which originally called for 60 stores by January 1985, Solomon said. Now the executive expects the chain to number between 65 and 67 stores by January 1985, with eight units, including the former Gold Circle stores in San Jose, slated to open next year. By year's end the chain will have 48 units, including one store scheduled in southwest Los Angeles.

The Sacramento locations will stretch the discounter's northern boundary to about 360 miles from its base here. A single unit opened in Stockton (60 miles south of Sacramento) last October represented the chain's farthest drive north prior to the takeovers. At the present time, however, the chain has no plans to open a distribution/warehouse center in northern California to service those eight stores. The proximity to the Stockton store will also reduce advertising and distribution cost on a per-store basis.

The move into two fast-growing northern California markets allows Zodys to cluster quickly in two new market areas, while keeping down interest expenses, new escalating leases and construction costs associated with newly built stores.

Except for some merchandise changes required by the seasonal differences of northern and southern California, and irregularities in building design, the stores will be merchandised, including adjacencies, the same as Zodys' existing units.

In two of the three Sacramento stores, Zodys is actually leasing all of the former Gold Circle units, which run between 100,000 and 110,000 sq. ft. Solomon said that the chain agreed to lease the full stores in these cases because of the building configurations, but Zodys will only occupy about 70,000 sq. ft.

The chain is currently looking at "several possibilities" to sublet the remaining approximately 30,000 sq. ft. in these two units, but at presstime it was too early to tell who these tenants might be. The company's own footwear specialty division, Shoe Stop, is not a possible tenant, he said.

Legality of Heavy-Ad-Linage Discounts Up in Air

WASHINGTON—The legality of newspapers giving heavy advertisers, such as discount and department stores, volume discounts is still up in the air after the *Los Angeles Times* decided to oppose a tentative settlement of an antitrust suit brought by the Government.

The publisher of the *Times* had reached an agreement with the Federal Trade Commission, settling price discrimination charges made in a 1977 complaint which alleged that the Times Mirror Company's discount rate structure allowed large advertisers to pay substantially lower rates than competitors whose advertising volume was lower.

According to the complaint, the rate schedule provided for cumulative volume discounts based on the number of lines an advertiser purchased annually. Allegedly, the rate structure and resulting discriminatory prices adversely affected competition among retailers buying advertising space.

Under the agreement, the company could, if it wished, continue to use a volume discount pricing structure for most retail advertising, if it complied with the terms of a specified formula.

The formula would have been based on costs. For example, the newspaper offered certain large volume buyers discounts of up to 40% off the rate charged to purchasers of 500 lines. Under the new formula, the maximum discount would have been reduced to 27%.

The Times Mirror would have been able to use other rate systems, if it chose, provided they were cost-justified.

Surprisingly, shortly after the FTC announced the agreement, Tom Johnson, publisher of the *Los Angeles Times*, said he planned to argue that the settlement and the antitrust charges should be discarded.

He noted that the agreement was negotiated last year "when distinctly different regulatory and marketplace conditions existed." He added: "To be required to adopt a fixed index of rates while broadcasters and others are free to establish completely flexible rates will be unfair and discriminatory. . . ."

The immediate effect of the agreement could have been an increase in ad revenues, if discounts were reduced. But in the long run, the *Times* might have lost funds because of more attractive discounts offered by competitors.

Giving discounts to large advertisers such as department and discount stores is, of course, common practice by newspapers.

Nov. 16 Deadline For DISC Entries

NEW YORK—Entries are now being accepted for the 1982 Discounters in Service to the Community (DISC) Award.

For the fourth year in a row, *Discount Store News* is getting ready to honor a discount store chain for its outstanding contribution to community service.

In 1979, Jamesway won the award for its program to support the muscular dystrophy fund-raising efforts. In 1980, Target was recognized for comprehensive community service programs in its markets. The 1981 winner was Barkers (since acquired by King's) for its grass-roots campaign to fund local needs.

Now it's your chain's chance to win recognition for its valuable contributions to community enrichment.

Entries, which summarize your program in 50 to 100 words (submit seven copies please), should be sent to Doug Stinson, Editor, *Discount Store News*, 425 Park Ave., New York, N.Y. 10022. All entries must be received by Nov. 16, 1981. A panel of distinguished discounters will judge all of the entries.

Goldman's Closing Remaining Stores; Will Focus on Real Estate Holdings

DAYTON, Ohio—Goldman's has moved out of the retailing field with the closing of its remaining six stores here. The company will concentrate on its real estate holdings.

In the first half of 1981, Goldman's cut its store count from 10 to six: three stores in suburban Dayton—in Centerville, Moraine and New Lebanon—were sold to K mart and are now being renovated for a Nov. 12 opening. A fourth in suburban Kettering remains empty.

At presstime, no buyer had been announced for the remaining stores which will close by Christmas, although sources said Gold Circle and K mart were among the interested parties.

K mart denied the report, and Dave Snell, senior vice president of marketing for Gold Circle, said: "While we have been talking to Goldman's for quite some time, we don't consider ourselves close to making any deals for the six stores."

According to a company spokesman, Goldman's had expected to show a profit in the first four months of 1981, but did not. The chain also posted losses in both 1979 and 1980. The shrinking size of the community and the sluggish local economy were blamed for Goldman's poor performance.

According to Dun & Bradstreet figures, the privately owned discount stores dropped from sales of $19 million in 1978 to the $6 million posted both in 1979 and 1980.

Woolco Abandons Plans To Test Own Visa Card

NEW YORK—Woolco has decided not to proceed with a test of its own Visa card, after talks with several banks.

"We decided that the risks outweigh the perceived benefits," said Woolco's director of credit Alan Becker.

Woolco had already received permission from Visa to test the chain's own card in a "blue band program" which would have put Woolco's name in the blue band of the Visa card.

The chain considered testing a Visa card with the Woolco name on it as a "hybrid" card which would combine the advantages of a bank card and the chain's private card.

As is the case with Woolco's own credit card, a specialized Visa would give Woolco a customer base on file which it does not obtain from ordinary bank cards. Woolco would also be able to include stuffers when billing customers, advertising Woolco goods. By having the chain name on a bank card, Becker said, one benefit would be increased customer recognition.

The basic advantage to the bank would be development of a nationwide customer base through Woolco, Becker said.

(Continued on page 51)

Spotlight on: SPARC

Industry's Top Suppliers Are Honored

The industry's top suppliers were honored at the fourth annual SPARC (Supplier Performance Award by Retail Category) banquet in Chicago. Frank Shanower, vp and gmm, Fishers Big Wheel, emceed the event which also saw Maurice Segall (inset left), president and ceo of Zayre, named Discounter of the Year, and Herbert H. Goldberger (inset right), past chairman of Hills, inducted into the Discounting Hall of Fame. See pp. 39-41 for stories, other photos. *(DSN photos)*

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NEVERMOWER? The $100 promotional mower may join the dodo and Judge Crater, according to *DSN*'s Lawn and Garden Supplement. (Pp. 23-30)

TAKE CARE. The Discounter Management Development Series tells why chains fail. (P. 31)

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Vol. 20, No. 21 Oct. 19, 1981

Discounters Best Old-liners In Shortage, Markup Areas

NEW YORK—Discount stores fared slightly better than conventional department stores during the 1980-81 mini-recession, reducing stock shortages in 16 merchandise categories while boosting markups in 14.

But, both groups of retailers saw markdowns increase and stock turns drop for almost all of the 16 categories; discounters also had lower gross margins for a greater number of categories than department stores, although each retailer was able to boost margins for seven merchandise areas.

An analysis of the merchandising sections of two reports showed that discount stores and department stores overall performed poorer in soft goods, the area each relies on for the greatest contribution to sales and earnings.

The studies are the National Mass Retailing Institute's Operational Results of Self-Service Discount Department Stores 1980-81 (which was compiled by Cornell University) and the National Retail Merchants Association 1981 MOR study for 1980.

The 1980-81 mini-recession, which was a continuation of the economic downturn that occurred in 1979-80, resulted in both types of retailers trying to boost their bottom lines by raising merchandise markups slightly and cutting costs in operational areas.

The higher markups showed up in 14 categories for discounters and eight for department stores. They ranged from gains of 1.7% in hobby, recreational and transportation to 10.8% for stationery and accessories for discounters; and from 0.2% for furniture and home furnishings to 1.8% for housewares for department stores.

In the soft goods area, discounters boosted markups for women's apparel 7.4%; men's wear (7.5%), and children's wear (7.9%). Department stores' markup increased only for men's wear (0.8%) and dropped for ladies' apparel and accessories (0.2%) and children's wear (0.2%).

While discounters were able to cut stock shortages in all 16 categories, department stores showed reductions only in hobby, recreation and transportation, health and beauty aids, and stationery. (The shortages more than doubled in major ap-

(Continued on page 51)

Discounters vs. Conventional Dept. Stores

Category	Markup[1] Discount Stores	Markup[1] Dept. Stores	Markdown[2] Discount Stores	Markdown[2] Dept. stores	Stock Shortage Discount Stores	Stock Shortage Dept. Stores	Gross Margin Discount Stores	Gross Margin Dept. Stores	Turns Discount Stores	Turns Dept. Stores	Sales as % of Total Volume[3] Discount Stores	Sales as % of Total Volume[3] Dept. Stores
Auto Accessories	30.2%	N.A.	7.5%	N.A	0.9%	N.A.	24.4%	N.A	1.1	N.A.	5.3%	N.A
Major Appliances	26.3	26.8%	11.5	6.9%	1.6	2.5%	21.6	22.8%	1.0	3.9%	0.8	1.2%
Home Electronics[a]	26.6	26.7	10.0	6.2	0.8	2.3	18.0	21.8	1.8	3.1	2.5	2.8
Small Appliances	23.9	26.3	8.4	6.9	1.8	2.5	17.1	21.9	32.7	2.9	2.9	1.2
Housewares	35.8	45.5	7.9	8.3	0.5	1.9	30.8	41.9	2.6	2.0	6.3	1.8
Hardware	35.8	38.4	12.3	7.9	1.9	2.3	27.4	30.6	1.4	2.2	4.3	0.3
Hobby, Recreational & Transportation[b]	29.5	42.5	6.6	14.1	2.3	3.9	23.8	33.8	0.8	1.9	11.2	0.7
Toys	34.9	39.4	7.5	12.4	1.5	3.2	28.9	33.7	1.8	2.4	5.7	0.5
Health & Beauty Aids	27.1	39.5	5.1	1.0	1.7	1.2	23.0	38.8	3.6	3.3	7.2	6.0
Women's Apparel & Accessories[c]	44.8	50.8	13.7	17.7	2.0	3.4	35.7	45.2	1.2	4.2	13.4	22.8
Men's Apparel & Accessories	41.8	50.2	9.9	11.4	1.4	2.7	34.4	44.3	5.4	3.2	8.1	11.8
Children's Wear	40.6	49.0	9.2	12.3	1.0	2.2	34.0	45.4	2.9	3.4	7.4	6.1
Household Textiles[d]	39.9	47.6	9.1	8.3	0.8	1.6	32.1	44.7	2.2	2.1	7.1	6.3
Furniture, Home Furnishings & Accessories	42.1	48.2	12.7	10.6	0.1	1.2	33.5	44.2	14.2	1.8	2.1	9.6
Stationery Supplies & Accessories	40.9	47.4	6.6	6.2	0.8	2.0	36.3	44.1	6.0	3.1	2.6	1.4
Home Improvement	36.7	N.A.	13.2	N.A.	1.7	N.A.	29.4	N.A.	8.2	N.A.	2.1	N.A.

Discount store figures are combined dollar averages; (Conventional) department store figures are medians. N.A.—Not Available.

(1) Cumulative figures, including transportation costs. (2) Figures include employee discounts. (3) Discount store figures are percentages of total sales for chains with sales in the specific departments; department store figures are percentages of total consolidated store volume

(a) Discount store figures exclude records; department store figures include records. (b) Discount store figures include books, records, photography, luggage, art supplies and sporting goods; department store figures are for sporting goods. Department store median figures for books, art supplies and photography are: markup, 33.1%; markdown, 4.5%; stock shortage, 2.3%; gross margin, 30.8%; turns, 2.2, and sales percentage, 0.7%. (c) Discount store figures include intimate apparel and accessories, which aren't included in department store statistics. Latter's median figures are: markup, 51.0%; markdown, 7.4%; stock shortage, 2.7%; gross margin, 49.0%; turns, 3.2, and sales percentage, 11.2%. (d) Discount store figures don't include the bath shop, which is part of department store statistics.

Source—For discount store figures: NMRI's Operating Results of Self-Service Discount Department Stores, 1980-81; For (conventional) department stores: NRMA's 1981 MOR report of 1980 Merchandising and Operating Results.

Though Franchised Cosmetics Gain, Low-end Lines Are Still Mainstay

Special DSN H&BA Report

Higher-priced franchised cosmetics are moving steadily into a field that was once dominated by budget brands, but discount chains' bread-and-butter business continues to be in low-end, fast-turning cosmetics.

With gross margin return on investment weighing more heavily in their minds these days, buyers are carefully comparing the volume sales of the low-end brands with the more attractive margins in the trade-up lines. So, while buyers agree they are willing to make room in the category for both the budget lines and their step-up sisters, the changes will come slowly.

Steve Hoffman, cosmetics buyer for Caldor, revises his wall area every six months and thoroughly researches each line before it is put into the stores. At Caldor, budget items are sold in the health and beauty aids department to build tonnage sales, while franchised products are pegged against the wall. The cosmetics face a glass display of fragrances and jewelry, all found at the front of the store. Hoffman said that he likes to have the counters as free as possible so cosmeticians can apply makeup in an uncluttered area.

The presence of upscale cosmetics doesn't stop Hoffman from looking to build volume sales in low-priced goods. He recently added Hazel Bishop lipsticks and nail polish that will retail for 89¢. He said that

(Continued on page 45)

New Distribution Center to Mark Wal-Mart's Biggest Capital Payout

CULLMAN, Ala.—Wal-Mart will build its sixth and largest distribution center in this northern Alabama city.

The 902,000-sq.-ft. facility will represent the largest single capital expenditure ever planned by Wal-Mart, with a total cost (including equipment) of approximately $24 million. It will be financed with a combination of industrial development bonds ($15 million to $20 million, depending on interest rates.

Setup Is Refined

The chain's normal general merchandise distribution could be handled by a smaller facility—600,000 sq. ft., the same as the largest existing distribution center. But the chain needs to duplicate, for the first time, the specialty distribution capability of its Bentonville, Ark., center.

(Continued on page 46)

Upgraded-Apparel Emphasis Highlights 2 Openings

Fishers Takes Aim At Younger Patrons

NEW PHILADELPHIA, Ohio—Sporting the look of the chain's newest prototype, a new Fishers Big Wheel here in northeastern Ohio has moved apparel to the race-track infield and given junior sportswear, children's and young men's wear key exposure at the store front.

Although similar to the 44,000-sq.-ft. newly built Big Wheels in Paw Paw and Howell, Mich., this 40,000-sq.-ft. converted Conley's exemplifies the chain's new thrust to emphasize apparel, particularly for the young.

The two new Michigan stores still retain health and beauty aids in the store's center, while this converted store has pushed H&BA across the race-track aisle to the front right quadrant. "This will be the direction we will be going in in the future, with clothing in the center," said vp Jim Welty.

But like the newly built prototypes, the Ohio store is more fashion conscious—gray carpeted islands, vibrant red and magenta stripes on off-white walls, and ceiling-hung photo

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Upgraded fixturing at Fishers Big Wheel, New Philadelphia, Ohio, included use of more waterfall extenders to display fashion apparel on the race-track aisle for greater consumer visibility. *(DSN photo)*

Nichols Softening Hard-Lines Image

By Frank Cavaliere

WILLIAMSPORT, Pa.—With the opening of its newest store here, Nichols is hoping to soften its hard line image and capture a bigger piece of its markets' apparel business.

"We are now repositioning ourselves as a department store with discount prices," said Nichols' soft lines merchandise manager Ed Dennenberg.

Here, in this small, central Pennsylvania city which is best known for its annual hosting of the Little League World Series, chain executives hope that their soft goods push will prove big-league enough to draw customers away from nearby competitors such as retail gaint K mart.

The 86,000-sq.-ft. unit opened in late August on a site formerly occupied by a Britts store. Located in the Loyal Plaza shopping center, the store is just up the mall from K mart, separated by only a handful of smaller specialty stores.

The proximity of the retail

(Continued on page 50)

Jefferson/Ward vs. Clover in Philly Area

(Continued from page 1)

a long-range merchandising and management program for the discounter that would clearly distinguish it from competitors.

(Jefferson/Ward executives declined to comment on *DSN*'s findings except to note that the new management team was studying changes in the discounter's operations.

(While Jefferson/Ward has stood pat in the Philadelphia area, Clover has been revamping its stores to meet the increased competition. Its efforts include adding name-brand apparel and developing a tabletop area in housewares.)

The shopper survey also showed how similar both chains are perceived despite Clover's better ranking for price, in-stock position and merchandise quality.

When the grades (using a rating from 10 as the highest to 1 as the lowest) used for the rankings are compared, Clover had a higher score than Jefferson/Ward for in-stock position despite the fact that both were ranked third on this criteria. Both chains received their lowest grade for helpful clerks, although Jefferson/Ward's score was higher than Clover's.

The two chains' performance as perceived by shoppers is at sharp variance with the importance of each criteria to customers in judging where they will shop.

Clover customers, for example, were most interested in merchandise quality followed by low prices, convenient location, in-stock, helpful clerks and store appearance.

A similar situation held for Jefferson/Ward, with its shoppers most interested in low price, followed by merchandise quality, convenient location, in-stock position, helpful clerks and then store appearance.

Interestingly, both discounters tended to earn their highest grades for the criteria judged least important by shoppers. The reverse was also true, with Clover shoppers most concerned about merchandise quality but ranking the discounter's ability to deliver on this criteria fifth. Jefferson/Ward's shoppers said low price was their top priority, but rated the store's ability to deliver on this point fifth.

The low ranking both discounters received for low price reflects the fact that their prices tend to be the highest among the four Route 1 discounters checked by *DSN*.

K mart tended to have the lowest prices, followed by Woolco.

The similarity between Clover and Jefferson/Ward is seen in other measurements. The average ticket of Clover shoppers surveyed was $16.83, while it was $16.50 among Jefferson/Ward customers.

Middle-income families provided the main shoppers at the two stores. Both discounters had their greatest concentration of customers in the $20,000-$40,000 bracket, with Clover's percentage at 61.9% and Jefferson/Ward's at 47.6%.

The key difference was in the lower-income and higher-income groupings.

Nearly a third of the shoppers intercepted outside of Clover reported their incomes were under $20,000, while roughly 5% said their annual income was over $40,000. At Jefferson/Ward, a third of the shoppers interviewed earned less than $20,000 but nearly 20% were in the $40,000-plus bracket.

Philly-Area Prices

Item	Clover	Woolco	K mart	Jefferson/Ward
TOYS				
Monopoly #9	$ 7.99	OOS	$ 5.92	$ 6.99
Sorry #390	8.49	$ 6.97	6.67	8.49
Fisher-Price Activity Center	14.49	9.76	NA	12.99
Boggle #104	7.99	5.67	5.94	6.99
Barbie, Sun Loving	5.49	NA	5.37	4.49
Connect Four	7.99	5.94	5.97	7.99
Merlin	34.99	28.76	NA	29.99
Simon, original design	29.99	33.97	NA	29.99
SPORTING GOODS				
Coleman Stndrd 2-burning stve #425	26.99	29.97	24.97	NA
Coleman Stndrd 2-mantle Lntrn #220	26.99	29.97	26.96	23.44
Coleman Propane 2-mntl Lntrn #5114	21.99	19.97	26.97	22.99
Coleman Fuel 1 Gal.	4.49	3.49	NA	3.49
Coleman Propane Cylinder	2.69	NA	2.69	2.69
Wilson Tennis T-2000	39.99	NA	NA	44.00
Wilson Tennis Balls (3 yellow)	2.89	NA	2.19	NA
Wilson Duke Football	21.99	NA	NA	24.99
HOUSEWARES				
Corning Glass Expressions	59.99	39.77	39.97	49.99
Corning Ware Menu-ette set	24.99*	25.17	22.97	OOS
ELECTRIC HOUSEWARES				
GE Toaster Oven T-93	39.99	28.97	OOS	33.99
GE Toaster Oven T-126	54.99	NA	NA	44.99
GE Food Processor FP-1	56.99	OOS	44.97	44.99
Moulinex La Machine II	69.99	NA	NA	49.99
Wear-Ever Popcorn Pumper	29.99	19.94	NA	29.99
Presto PopCornNow	29.99	21.74	NA	29.99
No. Amer. Mr. Coffee MP-100	24.99	NA	NA	27.99
GE drip coffeemaker DCM 15	42.99	42.97	35 86	36.99
GE drip coffeemaker DCM 10	29.99	25.97	25.97	29.99
Hamilton Beach 2-Spd Fd Prcssr #702	49.99	OOS	NA	54.99
Proctor Silex 2-Slice Toaster T214W	14.99	15.97	NA	NA
GE Versatron Oven CT0200	89.99	NA	NA	79.99
PERSONAL CARE				
Good Air Ecologizer CA/90	29.99	25.88	26.87	29.99
Conair Pro 1250(095)	24.99	17.70	17.70	19.99
Gillette Body + Curl	14.99	10.99	14.97	NA
Clairol Foot Fixer	46.99	39.77	33.84	39.99
H&BA				
Cover Girl Makeup, 1 oz.	2.49	2.33	2.23	2.37
J&J No More Tears, 11 oz.	2.49	2.27	1.86	2.69
Noxzema, 10 oz.	2.29	1.77	1.78	2.99
Right Guard, 10-oz. aerosol	3.19	2.97	2.84	2.49
Contac, 10-Capsule Pack	1.59	1.67	OOS	1.09
Contac, 20-Capsule Pack	NA	2.29	2.28	2.79
Listerine, 18 oz.	NA	1.45	1.71	1.99
Listerine, 24 oz.	2.59	1.64	1.94	2.39
Oil of Olay, 4 oz.	3.79	3.29	2.78	3.79
Crest, 6.4 oz.	1.49	0.99	1.66	1.37
Colgate, 7 oz.	1.49	NA	1.34	1.39
Vaseline Intensive Care, 10 oz.	1.89	1.87	1.37	2.09
HARDWARE				
Black & Decker Saw #7300	32.99	24.88	19.84	NA
Black & Decker Drill #7127	24.99	23.88	19.70	NA
Black & Decker Jigsaw #7508	29.99	NA	22.89	NA
Black & Decker Dustbuster	34.99	32.99	26.77	NA

*NA—Not available. OOS—Out of stock. *Sale price.*

"BIC SHAVERS HAVE REALLY HELPED US CLEAN UP."

Bill Wood
VP and General Manager
Wellby Super Drug Stores.

"Every time we've advertised Bic Shavers, we've ended up with a lot of extra customers. (Especially when we've used coupons, or run a price special.) In our opinion, the Bic Shaver is a great promotional item. It really works."

SHOULDN'T YOU REPLACE THE BLADES THAT AREN'T SELLING WITH THE SHAVER THAT IS?

BIC® shaver

Discounters Outdo

(Continued from page 3)

pliances and went up 47.1% in small electrics for department stores.)

Both retailers' poorer performance was evident in markdowns, where discounters had 13 categories with higher markdowns than a year ago while department stores had higher markdowns in 12. Discounters reduced markdowns for three categories (housewares, H&BA and stationery), while department stores did the same for two (men's apparel and children's wear).

Gross margins went up in seven categories each for discounters and department stores, but fell in nine for discounters (auto accessories, home electronics, small appliances, housewares, hardware, women's apparel, men's wear, children's wear, and home improvement) and four for department stores (home electronics, small appliances, hardware and furniture) and showed no change in three others (housewares, toys and women's apparel). The margin declines were much higher for department stores than discounters, hitting a 7.2% high in auto accessories for discounters and 12.4% in small electrics for department stores.

Woolco

(Continued from page 2)

as business could be generated in locales where the bank was unknown.

Woolco currently has nearly 1.8 million of its own credit cards in circulation, which brought in $195 million in sales last year by one report, while bank cards accounted for about $250 million in sales. Total sales for United States and Canada Woolcos for the last fiscal year were $3.1 billion. Woolco has had its own credit card since 1962.

In negotiations with banks, Becker said, some were willing to give Woolco a break in the service charge normally charged to merchants, while others wanted a premium paid for Woolco's inclusion on the card. In the end, "there weren't enough benefits for us to outweigh the risk" of starting a new card program, Becker said.

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Significant Tax Benefits Will Go Into Effect

By Stephanie M. Shern
Partner, Arthur Young & Company

[Second of two articles]

Significant tax benefits will accrue to individuals, as well as to the business community, from the Economic Recovery Act of 1981.

Some of the highlights, gleaned from Arthur Young & Company's comprehensive analysis, called *Economic Recovery Tax Act of 1981*, were described in the Oct. 5 issue of *Discount Store News*. Here are additional ones:

Self-employed (Keogh or HR-10) Retirement Plans

Effective for taxable years beginning after Dec. 31, 1981, the new tax law changes many of the rules concerning Keogh, retirement plans maintained by Subchapter S corporations, and simplified employee pensions (SEPs).

- The deduction limit to these defined contribution plans is increased to 15% of earnings, up to a maximum deduction of $15,000 (formerly $7,500). Correspondingly, the maximum amount of compensation taken into account in determining permitted annual benefits accruals is increased to $100,000 (formerly $50,000).

There are also several other provisions affecting individuals, including incentive stock options, the exclusion of interest on the "All Savers" certificate, and several others.

Let's turn now to the impact of the new tax act on LIFO.

The Last In First Out (LIFO) inventory method provides one of the best ways to reduce the income taxes that result from inflation; however, many businesses cannot, or do not, use the LIFO method because of the administrative burden involved. The new tax legislation, the Economic Recovery Act of 1981, makes a number of changes to ease those burdens:

- **Single Pool:** One obstacle to using LIFO, which is particularly troublesome to small businesses, is that the IRS requires wholesalers, retailers, jobbers, and distributors to maintain separate LIFO inventory accounts or "pools" for each major product line. Under the act, qualifying small businesses—those with average annual gross receipts for the preceding three years of $2,000,000 or less—can elect under special rules to use a single dollar-value LIFO pool. This rule applies to taxable years beginning after Dec. 31, 1981.
- **Inventory Adjustments:** Businesses that use LIFO must value their inventories at original cost. Any reduction of inventories due to obsolescence, market declines, etc., must be restored to its original cost.

Under current rules, taxpayers have to report the resulting adjustment as taxable income in the year prior to their adoption of LIFO. Under the act, they must take the adjustment into income over a three-year period, beginning with the year LIFO is elected. This rule applies to taxable years beginning after Dec. 31, 1981.

- **Government Price Indices:** Many inventory accounting systems cannot readily provide the price indices necessary to make the various LIFO calculations. Under proposed IRS regulations, if a business wants to use a Government index, rather than one developed internally, it can use only 80% of the price change reflected by the index, not the full percentage.
- **Conformity:** There was some discussion about abolishing the conformity rule, but in light of all the other tax cuts, its repeal was deemed to be too costly at this time.
- **Ideas To Consider:** Taxpayers who use LIFO can make significant disclosures of non-LIFO information under recently published IRS regulations. Taxpayers who want to use LIFO, but are concerned about its effect on financial reporting, should review these regulations.

(Further information on these and other provisions is provided in detail in Arthur Young & Company's report, *Economic Recovery Tax Act of 1981*. Please write to me in care of Arthur Young, 277 Park Ave., New York, N.Y. 10017, for a copy of this publication.

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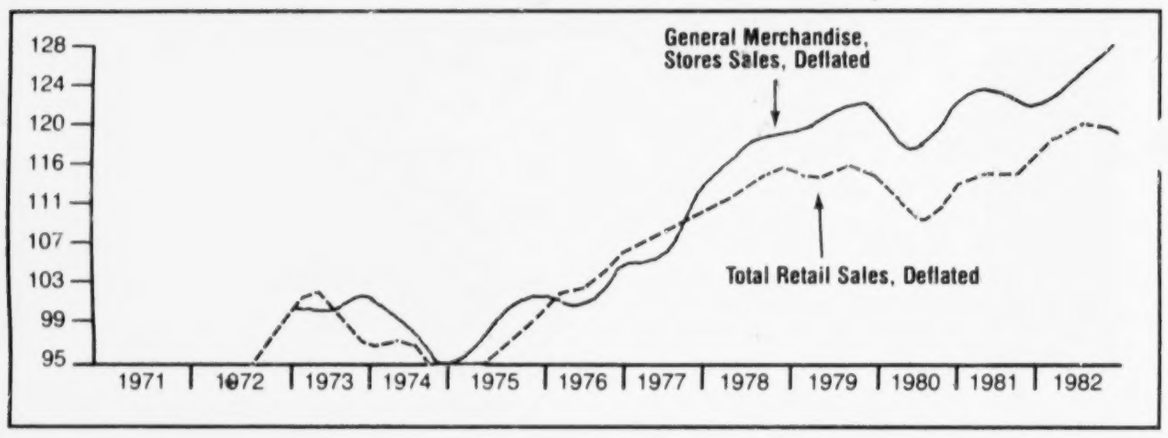
L/F Econocycle

Discounters 'Ease' Into Fourth Quarter With Projected 3% October Sales Gain



The nation's key discount stores closed their books on a solid 5% gain in third-quarter business, according to just-released findings from the L/F computer model.

The new *DSN* discount store index (above), is now forecasting a slight easing of period-to-period gains before discount sales swing sharply upward again in early 1982.

As it appears now, discounters may be facing a more difficult task of generating gains comparable to those of other leading retail groups because of last year's generally solid sales performances.

The L/F Econocycle forecast for October projects a 3% sales gain. This compares with an expected 6%-plus gain for department store operators, a startling near-6% jump in food store business and a solid 4%-plus gain for apparel specialists as they head into the "Golden Quarter" of 1981.

General retailing is also expected to roll along at roughly a 4% rate-of-gain over the next three months, the latest Econocycle figures indicate (below).

As the year starts to "wind down" and retail activity girds for the annual year-end sell-off surge, the general retail economy appears relatively sound, Econocycle statistics suggest.

With large sectors like grocery/supermarket, apparel and department stores promising above-par increases, the "drag" from slower-performers (like eat-out, drug, home building) should be only minimal.

General merchandising overall (GAF) just posted a 4%-plus gain for the third quarter, and general merchandisers filed a 5%-plus third period.

Over the next three months, discount store sales are expected to stay ahead of 1980—heading for at least a 2% gain over fourth-quarter volume last year, according to current projections.

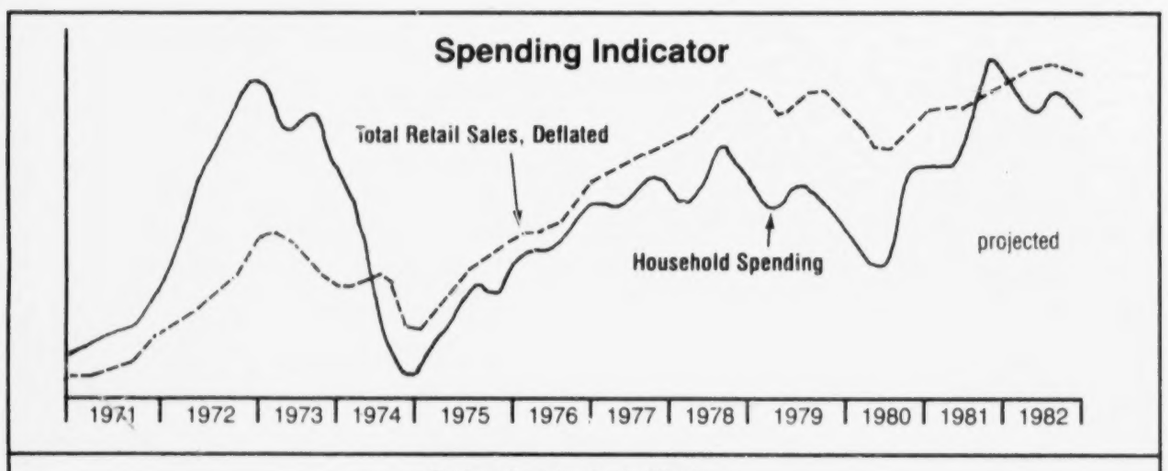
Strong regional discount chains—led by Wal-Mart in the Southeast—have outperformed the industry in general.

As expected, building supply/home center retailers are downtrending into break-even and minus sales comparison figures, starting this month. (These depressed figures are, of course, largely attributable to the heavy negative impact of home-building construction activities, which are now almost nonexistent in most sections of the country.)

General Merchandise/Discount

	Sales Change By Quarter								12-Month % Change		
	'80 1Q %	'80 2Q %	'80 3Q %	'80 4Q %	'81 1Q %	'81 2Q %	'81* 3Q %	'81* 4Q %	1979 %	1980 %	1981* %
Sales include Inflation	9.1	4.8	4.3	5.8	7.9	11.8	10.6	7.0	9	6	9
Real sales (Deflated)*	1.9	−2.4	−3.4	−2.0	0.9	5.2	5.2	1.6	3	−1	3

Base = June 1981 Sales
*Projected



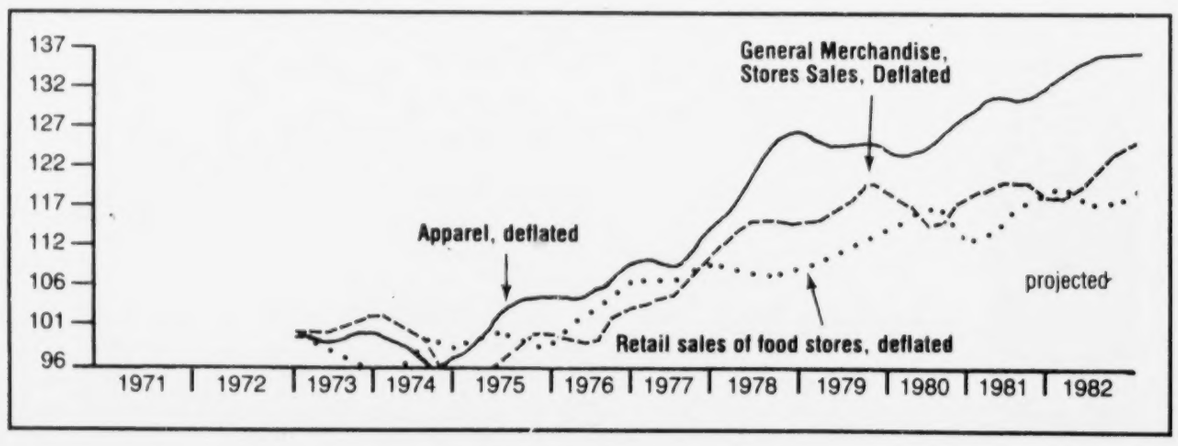
Sales/Include Inflation
% Change By Quarter

		Total Retail Stores	Food Stores	Eating & Drinking	Building Materials Hardware Stores	Drug Stores	Furniture & Appliance Stores	Apparel Stores	General Merchandise Stores	GAF Stores
1980	1Q	9.4	11.0	10.2	7.2	11.9	10.5	3.3	9.1	8.1
	2Q	5.0	10.3	9.3	− 8.4	11.2	2.5	4.6	4.8	4.3
	3Q	5.9	11.2	8.3	− 9.4	10.3	1.0	4.3	4.3	3.5
	4Q	7.3	10.6	7.2	− 1.5	14.1	5.1	6.4	5.8	5.8
1981	1Q	10.2	10.5	7.4	8.4	10.4	8.4	9.8	7.9	8.4
	2Q	11.9	10.5	11.9	15.4	11.1	8.8	8.2	11.8	10.4
	3Q*	10.3	7.9	11.9	13.9	9.7	7.2	8.2	10.6	9.3
	4Q*	9.4	7.5	9.5	5.5	6.3	7.2	7.2	7.0	7.1
% change 12 mos.	1979	11.0	12.0	13.0	12.0	11.0	15.0	6.0	9.0	10.0
	1980	7.0	11.0	9.0	− 3.0	12.0	5.0	5.0	6.0	5.0
	1981*	10.0	9.0	10.0	11.0	9.0	8.0	8.0	9.0	9.0

Real Sales (Deflated)*
% Change By Quarter

1980	1Q	− 1.2	5.8	0.0	− 2.6	3.8	4.9	− 1.4	1.9	1.8
	2Q	− 5.0	4.9	− 0.1	−17.6	2.0	− 3.4	0.5	− 2.4	− 2.0
	3Q	− 4.2	2.0	− 0.9	−18.5	0.5	− 5.8	− 0.2	− 3.4	− 3.3
	4Q	− 2.9	− 0.6	− 1.8	−10.4	3.9	− 1.1	1.5	− 2.0	− 1.1
1981	1Q	0.7	− 1.4	− 2.1	− 1.2	0.2	2.2	5.9	0.9	2.2
	2Q	3.4	0.3	2.8	6.3	1.2	3.1	4.0	5.2	4.5
	3Q*	3.4	2.6	3.9	5.1	1.4	2.3	4.7	5.2	4.5
	4Q*	4.0	5.8	2.6	− 2.7	− 0.5	0.5	4.7	1.6	2.1
% change 12 mos.	1979	1.0	2.0	2.0	4.0	4.0	9.0	3.0	3.0	4.0
	1980	− 3.0	3.0	− 0.7	−12.0	2.0	− 1.0	0.1	− 1.0	− 1.0
	1981*	3.0	2.0	2.0	2.0	0.6	2.0	5.0	3.0	3.0

Base = June 1981 Sales
*Projected



About Econocycle

The source for the L/F Econocycle index is the Econostat Applied Economic Research Unit of The Hague, Holland. This unit consults for Government and major corporations on three continents. Its projection techniques are based on the Econocycle System, a computerized system designed by the Econostat team of economists.

Because of the changing pace of inflation in the United States, retail sales figures in the L/F Econocycle projections have been adjusted to take account of inflation. All statistics are shown in *real* terms. The charts (above, facing) represent the trend cycle. The data has been seasonally adjusted and smoothed—and is updated each month. Source for current sales and the deflator series is the U.S. Dept. of Commerce.

Where an *Index Base* is indicated, all data is converted to index numbers, starting from a common base (=100) in order to establish meaningful performance comparisons.